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MONTHLY REVIEW

AUGUST 1937



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TABLE OF CONTENTS

	PAGE
THE ECONOMIC AND FINANCIAL SITUATION IN AUSTRIA	
<i>By Dr. Hans Rizzi, of the Austrian Ministry of Finance</i>	442
SOME GERMAN PRESS COMMENTS CONCERNING THE RECENT ARTICLE ON "THE ECONOMIC OUTLOOK OF GERMANY"	454
NOTES OF THE MONTH	463
HOME REPORTS	467
OVERSEAS REPORTS	480
STATISTICS	492

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The Economic and Financial Situation in Austria

By Dr. Hans Rizzi, of the Austrian Ministry of Finance

THE modern Austrian State has always been deemed a peculiarly sensitive spot in the magnetic field of political and economic Europe. Thus it is that developments in the economic sphere in Austria have habitually attracted close attention from abroad; indeed, there never has been any lack of competent observers set upon drawing up a statement of profit and loss concerning those factors which provide a barometer of the country's prosperity. Such being the case, let us regard the present survey as based upon data already well known, and let us direct our attention in the main to later developments. It is of special interest to analyse Austria's reactions to certain recent tendencies in world economic movements.

Economic recovery has, as is well known, followed a varying *tempo* in different groups of countries. It started in Anglo-Saxon and Scandinavian lands; it then appeared in large Central European States with planned economies; and it did not begin in countries of the gold *bloc* area until 1936. In none of the regions mentioned was recovery due solely and entirely to a cyclical upswing in trade. Indeed, the methods of State economic interference were so manifold that, even now and in retrospect, it is hardly possible to draw general conclusions as to the effects of cyclical recovery alone. In these circumstances it seems incumbent upon us to pay

special regard to the economic principles and general conditions prevailing in each particular country owing to its individual situation. In regard to the Austro-Hungarian Succession States, we may preface what is to follow by emphasising that they one and all are burdened with structural and geographical difficulties, which are bound to retard any economic recovery.

Having said this, let us investigate whether, and if so in what degree, an economic recovery has proved practicable in Austria. We may begin with a comparative table of industrial production in Austria and in various other States :—

GENERAL INDEX OF INDUSTRIAL PRODUCTION.
(Yearly Averages.)

	1929.	1932.	1933.	1934.	1935.	1936.
Austria ...	100	60	62	68	77	81
Germany ...	100	53	61	80	94	106
France ...	100	69	77	71	67	71
Great Britain...	100	84	88	99	106	116
Italy ...	100	67	74	81	92	—
Netherlands ...	100	62	69	70	66	72
Czecho-Slovakia	100	64	60	67	70	80
U.S.A. ...	100	54	64	66	76	88

This table shows that the rate of industrial recovery in Austria is pretty near the average rate, and that Austria and Czecho-Slovakia hold a central position between the areas which have experienced a sharp economic recovery and those of the gold bloc, where trade continued to stagnate. Industrial recovery, after the depression, began in Austria in 1933, a year later than in Anglo-Saxon countries. The following tables relate to the development of our more important industrial products :—

	Electricity Production	Iron	Steel	Cotton Yarn (per spindle)
	(1923-32 = 100)			
1929 ...	100	144	143	110
1932 ...	94	30	39	95
1936 ...	101	78	86	160
March, 1937	116	87	123	162
May, 1937	117	106	152	159
June, 1937	—	112	151	—

During the same period the timber industry developed as follows :—

	Sawdust	Cellulose	Paper	Pulp
	(Monthly averages in wagons)			
1929 ...	868	1,870	1,913	455
1932 ...	695	1,664	1,675	189
1936 ...	684	2,118	1,488	435
May, 1937	1,003	2,596	2,231	530

The fuel consumption of industry was :—

(In 100 metric tons)					January	February	March
Year							
1935	...	...	...	...	229	204	209
1936	...	...	...	...	236	213	209
1937	...	...	...	...	250	243	241

In so far as figures of production are already known, it appears that those products have made greatest progress where there is a keen foreign demand, especially for armaments, as in the case of iron, metals in various stages of manufacture, lorries, and cellulose.

That Austrian industrial activity is dependent on the export trade is clear from returns of foreign trade, which reveal a general rise above the average recovery. The index-figure for exports (1923-30 = 100) was 42 in 1932-33, 50 in 1936, and 65 for June, 1937. The import index-figure, on the other hand, was 38 for 1934, 42 for 1936, and 50 for June, 1937. The average monthly import surplus fell from 91 million schillings in 1929 to 25 million schillings in 1936, and to 21 million schillings in June, 1937.

If we compare the foreign trade returns relating to more important commodities imported and exported we have the following result :—

The total imports of Austria in the first three months of 1937, by comparison with the corresponding period of 1933, rose 1.7 per cent. in volume and 29.9 per cent. in value. Important features were a fall in the import of foodstuffs and fuel, and a sharp rise in the import of industrial raw materials and half-manufactured goods, coupled with a smaller rise in the import of finished goods. The increase in exports for the same comparative period was 110 per cent. in volume and 71 per cent. in value. The increase in exports was most noticeable in regard to industrial raw materials and half-manufactured goods, and, thereafter, in finished goods.

The distribution of imports and exports for the same period (first quarter of 1933—first quarter of 1937) shows the following considerable changes :—

As regards imports into Austria, the German Empire remains, as before, at the head ; but imports from Germany have now fallen from 20.7 per cent. to 14.8 per cent. of the total. Likewise the other most important countries sending goods into Austria have slipped back ; these are the neigh-

bouring States of Czecho-Slovakia, Hungary, and Jugo-Slavia. These three States, in conjunction with the German Empire, formerly supplied 55 per cent. of the total of Austria's imports, and now supply only 43 per cent. The change which took place was in favour of more distant lands, and especially those not under the handicap of a closed internal currency. A similar, if less pronounced, development has supervened in regard to Austria's exports. Here, in 1933, the German Empire, Italy, Hungary, Czecho-Slovakia, and Switzerland stood foremost with 54 per cent. of her total exports, whereas in 1937 they only took 50 per cent. The percentage fall is greatest in respect of the German Empire, Hungary, and Czecho-Slovakia, whereas export to Italy has notably increased. But more distant and overseas countries also show increases.

Geographically Austria has a very unfavourable position owing to lack of maritime ports and to other transport disadvantages; this somewhat unexpected diversion in her foreign trade to more distant countries would not, therefore, have taken place had it not been for the prevailing system of exchange restrictions in Central Europe. With the single exception of Switzerland, Austria pursues a much more liberal and ready mode of payment in her foreign trade than her neighbouring States. The result is that Austrian currency is a far easier and more reliable means of calculating market values than are the currencies of most neighbouring States. On the other hand, this relative monetary freedom, enjoyed by the Austrian schilling, means that it is easier for her neighbours to export goods to Austria than it is for Austria to export her own goods to them. This may be one explanation of her habitual import surplus, but so far as the foreign exchange market is concerned this surplus is partly offset by an influx of capital into Austria—this influx again being probably encouraged by her relative monetary freedom. A further point to notice is that as clearing agreements are not triangular and only provide for direct liquidation between the parties concerned, Austria, notwithstanding her passive trade balance, habitually has large sums owing to her, and they regularly amount to more than 50 million schillings. These arrears, which are a consequence of the utterly uneconomical methods of payment under exchange restrictions, also affect States which have heavy import surpluses against Austria.

Foreign tourist traffic is one of our most important economic assets. Between 1934 and 1936 the monthly average showed a rise of 20 per cent. in Vienna and of 35 per cent. in the more important tourist centres other than Vienna.

The rise in production and in foreign trade has so far unfortunately not been accompanied by a corresponding increase in employment or in the sale of consumption goods.

Out-of-work relief, based on the index-figure established during the period 1923-33, shows the following averages :—

1933, 170 ; 1934, 150 ; 1935, 137 ; 1936, 134 ; and July, 1937, 119.

In July, 1937, the number of unemployed in receipt of relief was 193,000, which is 31,000 lower than the corresponding figure for July, 1936. But official returns of out-of-work relief give no complete picture of the labour market, since they neither include the number of persons fit for work who have ceased to draw relief, nor the number of young persons unemployed who are not yet qualified for relief. According to the returns of the Health Department, which give a truer picture in view of the legal obligation of all employed persons to insure, it is not yet possible to speak of a marked improvement in employment generally.

This is primarily due to the fact that the social and economic fabric of Austria has not yet fully adapted itself to the new and restricted area of the State. In so far as such an adaptation is not possible by means of increased foreign trade or increased tourist traffic, the only solution seems to be a reduction of the population through emigration or a fall in the birth-rate.

Here we may refer to the second report, published in May, 1937, of the League of Nations Financial Committee on Austria. This document ends with a review of vital statistics in Austria, and points out that in 1935 and 1936 the number of deaths exceeded the number of births. It rightly emphasises that this development will, in years to come, exercise a powerful influence on Austria's economic and financial situation.

One consequence of the disparity between production, recovery and activity in the labour market is to be seen in the unsatisfactory development of consumption.

Taking the base of 1923-31 = 100, we have the following results:—

					Turnover of	
					Consumption	Production
					Goods	Goods
1929	...	...	...	...	119	119
1933	...	...	...	...	83	67
1936	...	...	...	...	78	88
May, 1937	...	...	...	...	75	108

These general average figures are confirmed by detailed figures in regard to a large number of specific consumption goods.

The position which is thus revealed may be explained by the facts that neither the number of employed nor the level of their wages has up to now been noticeably raised. The lack of development in consumption has its counterpart in the relative stability of the retail price-level, as will appear from the following table:—

					Wholesale Prices	Retail Prices (1914 = 100)	Cost of Living
1929	...	...	...	...	130	147	111
1936	...	...	...	...	109	138	105
1937 (I)	...	...	...	...	112	138	105
1937 (II)	...	...	...	...	112	138	105
1937 (III)	...	...	...	...	112	139	104
1937 (IV)	...	...	...	...	113	139	104
1937 (V)	...	...	...	...	115	140	105
1937 (VI)	...	...	...	...	115	140	105
1937 (VII)	...	...	...	...	116	140	105

The preceding figures are based on prices in Austrian schillings. Since in 1931-32 the schilling was depreciated by about 21 per cent. in relation to gold, a corresponding allowance should be made in comparisons with earlier years. If this be taken into account, it will be seen that the fall in prices in Austria after 1929 was generally as great as it was elsewhere. Moreover, the world rise in wholesale prices of raw materials has so far had no large influence upon the cost of living. The Government decided, when it determined not to lower the value of the Austrian schilling at the time when the devaluation of the gold currencies took place in the autumn of 1936, to make it a first aim to maintain the existing price-level in Austria. It was, of course, fully aware that Governmental action could not of itself suffice to keep down the price-level indefinitely, even in Austria, against a rise in

world prices. It was, therefore, necessary that action should be taken in the direction of greater freedom of foreign trade, by reducing barriers which had been erected during the crisis, in so far as this seemed to be in the interest of consumers. The policy found its first expression in a refusal of the Government to accede to the request of Austrian exporters to have export bounties granted and prohibitions of import introduced, in order to neutralise foreign currency devaluations. The action of the Government has been justified by events. In general, it has proved possible to maintain the low price-level in Austria; and, owing to the marked ability of Austrian producers to adapt themselves to changing circumstances, and also because of the sharp rise in the price-level abroad, it has been possible for us to regain our position both at home and abroad.

The wave of devaluation which overwhelmed the so-called gold *bloc* States in the autumn of 1936, and then reached two of Austria's immediate neighbours who were not on the gold standard, has affected Austria in two directions. The first result was to favour in their foreign trade the countries which had devalued, and to prejudice those which had not devalued. The second result was to stimulate a certain restlessness in Austria, which has manifested itself in a slight reduction in the cover of the bank of issue and in public deposits in other institutions.

Austria, as is well known, determined, despite dangers which were far from small, to maintain the stability of her currency. An operative reason for this decision, which was based solely on the special conditions prevailing in the country, was the fact that the income of large sections of the population leaves no available margin over necessary expenditure. In such circumstances the effects of devaluation, either directly or as the result of an increase in wages, would have been a rise in the internal price-level and a crisis both social and economic.

The conviction was also widespread that the national credit, which had only recently been restored after severe setbacks, would possibly not withstand the fresh strain of devaluation. To-day it is abundantly clear that the policy actually pursued was that best suited to the needs of the country. Foreign trade, as already mentioned, has continued to develop even with those countries which had depreciated

their currency ; apprehensions for the stability of the currency, which had at first found expression in the withdrawal of deposits, have been easily calmed ; and the internal price-level, so far as concerned the cost of living of the working classes, has shown no appreciable rise.

Nor did any marked change supervene in the returns of the Central Bank. The following figures reveal the amount of notes in circulation plus liabilities at sight on the various dates named :—

	Million Schillings			
End of October, 1935	1 217
" October, 1936	1,167
" March, 1936	1,163
" March, 1937	1,134
" July, 1937	1,151

Notwithstanding recent increased commercial and industrial activity, these figures show some contraction in the note issue. The legal cover (gold and foreign exchange) dropped by 56 million schillings from October, 1935, to March, 1936, and only by 16 million schillings from October, 1936, to March, 1937. Even if we exclude the foreign exchange earmarked in the Central Bank for cash payment by the State to foreign creditors of the Credit Anstalt, which took place in February, 1936, the drop in the legal cover for the year 1936-37 is no larger than in 1935-36, and withal it is seasonal.

For some years the Austrian balance of payments have been completely balanced. Our foreign exchange requirements, so far as trade is concerned, have been met without difficulty out of available supplies ; and, since 1934, it has been possible besides either to repay a very considerable portion of our foreign indebtedness without funding operations, or to convert it into internal debt.

The lack of movement revealed in returns of the Central Bank since the crisis was overcome is due to different causes. It arises in part from the fact that credit transactions in Central Europe are still subject to all sorts of restrictions, and no considerable international movements of capital are taking place. It arises mainly owing to the very restricted internal demand. It remains to be seen whether increased industrial activity in Austria and increased foreign trade will bring about a change. Be this as it may, any considerable increase in middle or long-term credits, and therewith fresh

demands for short-term credits from the Central Bank, cannot be anticipated until profits are assured definitely for investors in general. Uncertainty is for the present also exercising a restraining influence; but manufacturers, on their side, are inclined to retain their profits as increased working capital, both on account of growing orders, and owing to the difficulty of obtaining fresh capital at reasonable rates.

Austria has taken to heart in a very special way, from the lessons of her own history, the close connection between State finance and stability of the currency. International assistance, as we thankfully acknowledge, enabled us to maintain equilibrium in the State Budget from 1922 until 1931, when, owing to the collapse of the whole organisation of credit in the country, equilibrium in State finances was again severely disturbed. The sacrifices which Austria had to make in the early summer of 1931 in order to maintain her internal and external credit, led, as is well known, to grave disturbances in the financial equilibrium of the State and in the stability of the currency.

The Ordinary Budget for the year 1931 closed with a deficit of 224,000,000 schillings, and it was not till five years later, in 1936, that it could be balanced. Once again the necessary financial reconstruction was carried through owing partly to effective help from the League of Nations, but mainly owing to the enforcement of rigid economies and to resistance to all measures of expansion, at the time of recovery from the world economic crisis, when a measurable improvement had also taken place in Austria. It looks as if the current financial year of 1937 will also result in balancing the Ordinary Budget, and this notwithstanding increased allocations which have become necessary for purposes of defence. Nor should it be overlooked that in Austria the Ordinary Budget includes sums allocated for debt redemption and for meeting the deficit on the State Railways.

The considerable increase in industrial production and foreign trade since the beginning of 1937 has had a favourable effect on the administration of the State Railways. There has been an all-round increase in goods traffic of roughly 13 per cent. in the first four months of 1937 by comparison with the corresponding months in 1936, and the total railway receipts for that period exceeded those for the first four months of 1936 by 18 million schillings. March, 1937, showed a

working profit on the State Railways for the first time for a long while.

State Expenditure during the last three years was as follows :—

	ORDINARY BUDGET		
	1935	1936	1937 (Estimate)
	(In Million Schillings)		
Totals	2,009	1,986	2,063
Whereof—			
Unemployment Relief and Old			
Age Pensions	292	281	268
Pensions	218	218	218
Defence	122	165	230
Police	108	104	103
Debt Service	179	176	203
Public Health	112	101	99
Trade and Communications ...	96	78	100
Agriculture	80	49	50

The only considerable increase during the last three years has been for defence. It is based upon the fact that Austria, as is well known, only recently started rearming. The relevant outlay, which for 1937 represents less than 12 per cent. of total State expenditure, is very moderate when compared with the military expenditure of most other States. As, however, that outlay includes a number of non-recurrent items of defence, it may be fairly assumed that it will fall rather than rise in the future.

The increase in the debt service for 1937 is due to larger redemptions.

State Receipts for the same periods were as follows :—

	ORDINARY BUDGET		
	1935	1936	1937 (Estimate)
	(In Million Schillings)		
Totals	1,895	1,988	1,954
Whereof—			
Direct Taxes	300	352	320
Customs	178	180	176
Consumption Taxes	182	191	194
Turnover Tax... ..	154	148	143
Crisis Surtax on Turnover Tax	124	144	138
Stamps... ..	101	126	125
Tobacco Monopoly	293	290	294
Posts and Telegraphs... ..	213	213	214

Increases in receipts have mainly occurred in direct taxes and in stamps, and are less noticeable in consumption taxes. This is also an indication that growing industrial and trade activity has not yet resulted in increased consumption.

In conclusion, a few observations may be offered on the loan policy of the Government for the year 1937. In March last a 4½ per cent. State Loan for a nominal amount of 180 million schillings was issued at 90, and provided a sum of 158 million schillings. Simultaneously, the State guaranteed a middle-term Railway Electrification Loan for 55 million schillings.

Fifty-four million schillings out of the 158 millions raised in March are to be applied to the consolidation of floating charges from the previous year. The balance of 104 millions is to help to cover extraordinary expenditure of 159 million schillings, which will for the most part be spread over two years, and partly over three. If this expenditure of 159 millions is set off against debt redemption of 141 millions, which is projected in 1937 and 1938, it will be apparent that the extraordinary expenditure in question will result in no marked increase of State indebtedness. Thus, even in regard to increased borrowing, the Government has been careful to steer clear of any sort of inflation.

The brief survey given above in regard to a number of essential economic factors would seem to show that recovery has been in progress in Austria for some years, but that it has only recently increased in pace. Industries occupied in the production of capital goods have been the first to feel the effect. It is also noticeable in traffic returns and in those tax receipts which are primarily dependent on an increase in the production of capital goods. Reduction in unemployment figures, which remain relatively very high in Austria, is still hesitant and is up against stubborn tendencies which have a retrograde influence on the labour market. Money continues to be plentiful for short-term purposes as a considerable proportion of available capital still fights shy of long-term investment. A gratifying feature is that confidence in the stability of our currency has encouraged an extensive repatriation of capital. If only the international situation develops peacefully, both politically and economically, it may be hoped that confidence will also be re-established ere long in regard to long-term industrial investment. Such has already been the case in regard to the credit of the State in consequence of conservative policy.

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Austria is predominantly dependent on foreign trade ; her paramount need is a development of that trade. She needs also a stable currency and well-regulated supplies of credit. What is a desideratum for countries of vast extent is the very life-blood of Austria. She is therefore interested, as few other countries are, in every effort to stabilise currencies and to remove barriers to international trade. Time and again it has been authoritatively declared on behalf of Austria that Austrian policy, as that of a small country, can only be based on economic factors. That policy can only be one of the open door towards all nations who are prepared to exchange commodities upon a solid and ordered basis of well-regulated currency and credit.

Vienna,

HANS RIZZI.

July, 1937.

Some German Press Comments concerning the recent Article on "The Economic Outlook of Germany"

I

FOR ANGLO-GERMAN CO-OPERATION

(*Berliner Börsen Zeitung*. July 15th, 1937)

IN the July number of LLOYDS BANK REVIEW Mr. Alwyn Parker, a director of the Bank and a former diplomatist, devotes attention, in a comprehensive survey, to the economic outlook of Germany. This subject has already been dealt with in England in various ways, not invariably with the requisite expert knowledge, and sometimes with preconceived ideas. In Mr. Parker's deductions there are undoubtedly some misconceptions, and some of his conclusions are manifestly too much coloured by an English mentality and therefore fail to do full justice to the German point of view. But, as a whole, his presentation is a welcome attempt to appraise German conditions without prejudice, with sympathy, and with due recognition both of the difficulties involved and of the measure of achievement.

Mr. Parker, generally speaking, confines himself to economic questions, and only incidentally touches on political problems. Yet, even in considering purely economic affairs, he reaches the conclusion that Anglo-German co-operation would be the most potent contribution in any solution of those outstanding world problems which are almost hopelessly entangled, to say nothing of the fact that honest friendship between the two countries would dilute the political poisons in the air and is therefore deserving of mutual and legitimate sacrifice.

The author quotes the German saying, "*The better is the enemy of the good*," and accordingly warns against attempting too much to start with. It would, he says, be wise to concentrate at first on three principles:

- (1) The two Governments confirm their aim of seeking to settle matters of mutual concern by negotiation.
- (2) They will further the mission of M. van Zeeland in pursuit of the removal of obstacles to intercourse and trade.
- (3) Clearing agreements and commercial debts will be liquidated as soon as may be and Great Britain will favour the grant to Germany of long-term commercial credits so as to restore and develop international trade.

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There would remain, according to Mr. Parker, the colonial problem. It is just the treatment of this matter, in a survey manifestly honestly written with the object of reaching agreement between the two countries, which shows how hard it is not to look at things through the spectacles of one's own national mentality. The author implies that Germany has made out no clear case for the return of her former Colonies, either on economic or legal grounds. But at any rate he goes farther than many of his countrymen, inasmuch as he considers possible some moderate colonial settlement if it is coupled with proper safeguards, provided Germany does not confuse what she would like to have with what it is possible to get.

This brief reproduction of his survey of the colonial problem will suffice to show how many objections can be raised to the point of view of Mr. Parker. Nevertheless, the true value of the survey does not lie in details, but in its spirit and in the fact that a representative personality in the City of London broaches outstanding problems in an objective manner, advocating a frank and friendly co-operation of the two nations. If responsible authorities and personalities in England attempt, with an equally genuine and honest effort, to reach an agreement *ex animo* on the problems which are outstanding between the two countries, it may be said that the prospects for a definitive settlement will not be unfavourable.

II

TO AN ENGLISH FRIEND

(*Der deutsche Volkswirt.* July 23rd, 1937.)

Alwyn Parker, a director of Lloyds Bank, really wants to be a friend of Germany. He knows our country and people and has a good idea of German literature and music. In the July number of LLOYDS BANK REVIEW he has attempted a comprehensive and critical appraisal of the Economic Outlook of Germany. The spirit by which he is animated is worthy of all recognition. He has genuinely at heart an Anglo-German understanding. He admits that "unless we all cease to force the note of controversy and can revert to some reliable method of plumbing the needs and gauging the conduct of our neighbours, we all shall head for fresh

conflict and impoverishment that may prove fatal." The result of his observations—let us say at the outset—is none too favourable. After a careful analysis of our situation in the spheres of finance, raw materials and foodstuffs, and after an examination of our foreign trade position, he reaches the conclusion that Germany, despite all her industry and achievements, is behind her capabilities because too large a proportion of her people is engaged in unproductive work and in piling up overhead charges. What flutters before his imagination as unproductive work is firstly our method of rearmament and then the Four Years' Plan.

Germans will recognise that the factual picture which Mr. Parker draws of the German economic position is, for the most part, objective, although on points of detail he is the victim of error and misconception. But what is at stake, alike for Mr. Parker and for us, is not the detail of this picture. More than that is involved. What really matters is that the manifestly sincere attempt of an English business man to elucidate the German economic position and German aspirations for the benefit of his own countrymen should not come to grief owing to a misconception. We must, in both countries, agree—and this is Mr. Parker's aim in quoting the well-known saying of Ranke—on "what has actually occurred."

If we are to reach agreement on this cardinal point we fear we must controvert the whole basis of Mr. Parker's deductions. His attempt to break down English insularity of outlook by his own conception of the position in Germany must be regarded as misdirected if he treats our present economic system merely as an emanation of German mentality, which can be overcome by a friendly conversation.

He marshals indeed a number of historical events—well worthy of being taken to heart—to show what the German people has suffered in bygone times from foreign oppression, why it is so hard to win for international co-operation, and why it is so mistrustful. Unfortunately he interrupts his historical exculpation just at the point where it might yield fruitful results and thus materially assist in a true understanding of the present position and attitude of Germany. In his chain of events there is no mention of the World War, Versailles, reparations, the one-sided disarming of the vanquished, the withdrawal of credits in 1930-31, the international devaluation of currencies—in short, those occurrences which have not

only coloured German mentality, but have confronted us like a stone wall during the present period and that we now, willy-nilly, have to surmount.

Mr. Parker may have felt a very natural hesitancy in stirring up these matters. His object is to promote conciliation and not to refresh bitter memories, and it is not in vain that he cites the saying of a former Prussian Ambassador in London that "*Jobbing backwards spells creeping paralysis.*" But when once one calls up the ghosts of the past to elucidate the present and to open up the future, it is an obligation not to slur over that more recent period of past years which, however painful for all concerned, is really most influential upon present events and gives the clearest clue to what is taking place and at stake.

What has Mr. Parker to say on this aspect? He very rightly sees that a happy future for all will be largely conditioned by the development of Anglo-German relations, and with this aim he lays down three guiding principles by way of introduction (*vide supra*).

Mr. Parker seemingly only contemplates such possibilities, however, provided Germany gives up her "chosen" system of self-sufficiency—he considers Germany pays but lip-service to the idea of economic co-operation—and submits her just claims to the sentence of a World Court entrusted with the distribution of the loaves and the fishes. As we have now come to business, he will assuredly not take it amiss if we do not merely regard these proposals at their face-value, but probe what may be their cash equivalent.

Let us probe them in the light of what friendly Mr. Parker seems to hold out to us for the fulfilment of our aspirations. Naturally he takes up the colonial problem. He considers that Dr. Schacht has, "not very convincingly," linked up this question with Germany's present difficulties in obtaining raw materials. What does Mr. Parker, as an advocate of justice to Germany, think of the German demand for the return of her colonies or due compensation? What he says to us is not indeed very hopeful. He does not recognise the connection between those colonies and the supply of raw materials. And if the colonies were returned he apprehends that the inhabitants might be subjected to exploitation solely in order that Germany might secure raw materials by the cumbrous, costly, and wholly needless, expedient of a closed internal currency. Nevertheless, on grounds of honour, and to

overcome the *damnosa hereditas* of the Peace Treaty, his conclusion is that the German colonial claim should not be allowed to come to grief on an intractable incapacity for compromise, provided Germany does not confuse what she would like to have with what it is possible to get.

Perhaps Mr. Parker anticipated some different kind of reception from us. But these and similar utterances are not welcome to German ears. To the verses and quotations he calls in aid of his views we may add the saying of a German poet:—

„Man spricht vergebens viel, um zu versagen;
Der andere hört von allem nur das Nein.“ (i)

No, Mr. Parker has entered on a path which will not lead us much farther. The German people really has no sort of marked predilection for self-sufficiency. In 1913-14 it occupied the second place in the world with the volume of its foreign trade, and, if peace had prevailed, it would probably in a few years have reached the first. Even after the War we had years with a foreign trade of nearly Rm.28 milliards. If Germany to-day is attempting by her unaided efforts to produce as great quantities as possible of raw materials, foodstuffs and finished products, the operative motive is not a sort of inherited burden from bygone ages; the attempt is due to the experiences she has been through in quite recent years under the oppression of hard political and economic burdens. What are they?

(i) The quotation comes from Goethe's *Iphigenie auf Tauris*, Act I, Scene 3. The context is that King Thoas has asked Iphigenia to come away with him as his bride, and she has replied at some length expressing anxiety and doubts as to the attitude of her protectrice, the goddess Diana, whereupon King Thoas exclaims:

“'Tis vain to cloak refusal in fine words, for he who listens hears of all but one, the fateful NO.”

My friendly mentor seemingly misdoubts my conclusion (page 396): “In any event such an examination calls for the best qualities of philosophic statesmanship and vision and should lead into the highest region of political thought.”

Perhaps I may recall Iphigenia's answer:

„Nicht Worte sind es, die nur blenden sollen;
Ich habe dir mein tiefstes Herz entdeckt“.

(“No words to blind have passed the barrier of my lips;
I but disclosed my deep most heartfelt thought.”)

A. P. July 29th, 1937.

Foreign countries refused to admit our manufactured goods or to avail themselves of our services, and they dragged us off our feet by the leading string of our foreign indebtedness. Political equality was persistently denied to us until we grasped it ourselves. These are the real factors which are the foundation of our prevailing economic system—a system whose hardships and shortcomings we know but too well from our own bitter experience. Friends of Germany should lend their understanding words to such matters as these—friends who, when the need arises, should find their way from lip-service to deeds.

III

A CRITICISM OF GERMANY.

(*Die Bank.* July 21st, 1937.)

As a general rule people believe what they want to believe, and their judgment for the most part is prejudice. In recent times this, alas, has nearly always been the case in regard to the economic position of Germany. Foreign criticism of her economic, trade, and financial position has too often and too readily been adverse simply and solely because the political or economic conceptions of the critic required it so to be.

Such being the case, particular consideration is due to a criticism which appears in the July number of LLOYDS BANK REVIEW from the pen of Alwyn Parker. This is not to say that this criticism views every detail of the German economic position in a favourable light. Far from it. Mr. Parker envisages our line of development, as prescribed by the Four Years' Plan and as already partially followed, with considerable doubts. But he is manifestly animated by a desire to learn the truth, and he recognises unreservedly what is revealed by statistics and evidence. Such honesty is rare, and his criticism of Germany is deserving of attention, especially because it is not only honest but also thorough. In his attempt to elucidate the historical roots of present-day development he goes far back, on occasion indeed right up to The Thirty Years' War.

With an objective sense which, for a foreigner, is literally astounding, he places on the credit side of German development—the Army, "which gives to the Reich point and coherence," which looks back on a "long record of discipline

and achievement," and which "makes every German heart beat faster." (It is an English opponent of militarism who says all this!).

With a similar degree of objectiveness he touches on culture, when he says that the living literature of Germany is unsurpassed, and that "German music is the most splendid vehicle of thought and emotion the world has ever possessed."

Then he passes on to the main section of the essay, that relating to economic development, in order to sweep aside widely-held prejudices. In many spheres he finds this superfluous, for here statistics are eloquent: thus in the labour market, where within four years it has been possible to find work for nearly seven million unemployed; then, again, in regard to German technical efficiency, whereof the results are common knowledge, Mr. Parker says it serves as a norm for the world. But in the financial sphere, which is exposed to the grossest misconceptions and is the cynosure of all malicious foreign criticism, it has been necessary for him to undertake a work of clarification.

Here he brushes aside all those pessimistic interpretations which so often confront German finance. He notes that the regularly scheduled public debt, plus the officially admitted unscheduled debt, is only about two years' purchase of the total tax revenue, and that the Reich can meet all its ordinary and extraordinary financial requirements at low interest rates because a "plethora of capital" exists.

It is true that he makes a reservation, thinking it essential to note that Work Creation and Special Bills for armament and the Four Years' Plan can only be placed with the help of the Reichsbank, and that this has resulted "in a certain inflation," inasmuch as the note circulation of the Reichsbank has increased in the last four-and-a-half years by Rm.1,091,000,000. But this comment may be countered by observing that during a similar period the English note circulation has increased, both as regards amount and percentage, considerably more than the German. He himself seems to be aware of the contradiction involved, since in another section of the survey he implies that the substitution of Work Creation Bills for gold as backing for the Reichsbank's note circulation might be termed legitimate credit inflation, or rather reflation.

If the criticism which Mr. Parker makes in regard to finance is not very severe, he becomes far more inclined to find fault and to probe matters when dealing with attempts—whether on their own account or for strategic reasons—of Germany to reach self-sufficiency. He brings up a lengthy list of objections to this system, which, with the advent of the Four Years' Plan, has become firmly established. Admittedly he is not amongst the host of those who proclaim that the carrying-out of the Plan will prove very difficult, if not impossible. Thus, for example, he does not share the superstition that a shortage of raw materials or of foreign currency will endanger the Plan. But he considers a sharp rise in the internal price-level and a threatening shortage of labour to be inevitable consequences of the attempt to produce at home large quantities of goods which could be obtained more cheaply from abroad.

Here we see to what misconceptions even intelligent and benevolent critics on occasion may fall victims. In dealing with an increase in the costs of production Mr. Parker leaves wholly out of account that Germany has but to imitate the ill-starred example of other countries, and to depreciate the Reichsmark, in order to depress heavily the costs of inland production in terms of gold.

Equally unsound are the conclusions he draws from certain developments in the labour market. It is quite true that there is, in certain directions, an acute shortage of expert workers, which it is sought to make good by means of emergency measures. But when Mr. Parker views the facts that many thousands of independent craftsmen have become wage-earners, and numberless small retailers have joined the staffs of large concerns, as proofs that self-sufficiency is not being carried out without difficulties, he overlooks that these changes are not manifestations of distress in the labour market, but simply corrections of an earlier misdirection of effort. For during the period from 1929 to 1933 many hundred thousands of workmen, who were driven from their employment owing to the crisis, took up occupations, such as that of craftsmen, retailers, or commission agents, where, owing to lack of training, they had no hope of earning a decent livelihood. If these workers, who had gone economically astray, are now gradually returning to their old, or to cognate, spheres of work, this is but a sign of the regaining of economic well-being. In

the last half-yearly report of the Reichs-Kredit-Gesellschaft occurs the following passage :—

"A certain reserve of expert workers is available amongst small craftsmen, in the so-called one-man concerns, who number about 700,000 in Germany and have no assured basis of livelihood."

Here, in point of fact, is a reserve, far from exhausted, for the Four Years' Plan and its practical execution.

And when Mr. Parker, not censoriously but merely noting the fact, emphasises that the real wages of German workmen have hardly risen at all during the past four years, it may be remarked that this state of affairs fully corresponds with that prevailing in England. There, according to the report of the Reichs-Kredit-Gesellschaft, wage rises, on an average of 3 per cent., have taken place now for the first time since the crisis. Since, however, the cost of living in England has risen 2·7 per cent. in the past year, there has been no increase in real wages there any more than here.

But such minor slips as these do not alter the fact that Mr. Parker's work is a performance of quality of the highest degree and should be attentively read in Germany. For it is thoroughly to be recommended even for the conversion of the faint-hearted who may yet remain in Germany and as a means to persuade them also of Germany's economic strength. Particularly can the conclusion which Mr. Parker reaches be subscribed to in Germany. Shortly put, it is that self-sufficiency is good, but that world-trade is better; that this requires close Anglo-German co-operation, and the discontinuance of hindrances to trade with which the mission of M. van Zeeland is concerned. These are views which are completely shared in Germany, and the Four Years' Plan in no sense stands in the way. Only in regard to the colonial problem, which Mr. Parker approaches in a negative manner, do views differ here.

Notes of the Month

The Money Market.—Conditions remained easy during July and early August. The banks have been buyers of September and October Treasury bills, but the market did not always fare too well at the weekly tender, and so at times only had few bills available for re-sale to the banks. Also, when there was a shortage of bills the demand for loans was naturally reduced. The enlargement of the Exchange Equalisation Account by £200 millions has led to a parallel increase in the floating debt, as Treasury bills to that amount have been issued to the Exchange Equalisation Account, where they constitute its new sterling assets. The actual increase in the floating debt was rather less than £200 millions, as at the same time the final call on the National Defence bonds was paid. These new Treasury bills are still held by the Exchange Account and will only reach the market if the Account has to buy more gold. Holiday currency demands have raised the note circulation to a new high record of £503·9 millions on August 4th. The Bank has not added to its gold stocks, and so the Reserve has fallen to £23·6 millions, and the Proportion of the Reserve to the banking department's liabilities has shrunk to 16·6 per cent. In previous years that condition of the Bank of England might have called for some remedial action and so given rise to slightly greater stringency in the money market. To-day, with the gold reserve of the Exchange Equalisation Account behind that of the Bank, no remedy is called for, especially as some of the notes now in circulation should return to the Bank within the next few weeks. There is thus no difficulty in continuing the policy of cheap and plentiful credit, and with this object in view the drop in the Bank's Reserve has been offset by an increase in its securities, so as to replenish the supply of joint-stock bank cash, which otherwise would have been depleted by the currency withdrawals of the public.

The Foreign Exchanges.—The main events of July were the further depreciation of the franc, and the continued strength of sterling. The change in French monetary policy at the end of June caused the franc to depreciate from Frs.110 to Frs.128 to the pound. For a short time the franc was held at this new level by the French Control, but owing to the very limited repatriation of French funds and the attenuated re-

sources of the French Control, the new rate was not maintained for long. Subsequently the franc depreciated to Frs.135, and has since fluctuated at around Frs.132, with the French Control intervening from time to time. Forward francs have remained at wide discounts. Meanwhile, the dollar has been weak against both the pound and guilder. One reason for this was the transfer of a certain amount of French funds from New York to London, but the main reason was heavy sales of gold by Japan to the United States. The dollars received by Japan in exchange have been used to meet her general external liabilities and so have been sold for sterling and other currencies. Japan, in fact, has revalued the whole of her central bank's gold stocks from a basis of 1.33 yen to one of 3.50 yen per gramme. The resulting profit of 870 million yen has been used to constitute a Japanese Exchange Equalisation Account, which will be used in turn to buy newly-mined Japanese gold for shipment abroad. Most of this gold will probably go to the United States, and some of it has been already resold by the United States to China in exchange for silver. Meanwhile, there is only a small commercial demand for dollars, and so the pound remains strong against the dollar. The gold scare has now completely subsided, and gold is once more quoted in London at a premium over the dollar parity price. The outlook for the franc remains uncertain, and it seems likely that sterling will retain its general strength at least until the autumn.

The Stock Exchange.—While markets have been quiet under the influence of international political uncertainties and the holidays, there have been definite signs of a more confident tone. The gilt-edged market has been firmer, with War Loan once more rising above par, and recent new issues of a trustee character have met with a good reception. In the foreign bond market Japanese and Chinese issues lost ground at the time of the fresh disturbances in Northern China. Home rails have been firm, owing to good traffics, and the recent authorisation of a 5 per cent. increase in rates and fares, but the market has been also watching the progress of the wages enquiry. The L.N.E.R. interim dividend statement was regarded as encouraging, but the L.M.S. statement came as a disappointment. Industrials have been quiet, but have also improved under the influence of promising trade reports. Oil shares have been dull, but there again there are signs of a better tone. Rubber shares have been inactive, but prices

of tea shares have improved, mainly because of a scarcity of supply. Gold-mining shares recovered definitely at the end of July, and the gold scare has now subsided. Base metals have followed other markets, for after a period of general dullness there was a recovery in early August.

Overseas Trade.—The June trade returns record a further expansion, in comparison with both the preceding month and with June, 1936. The actual returns are summarised below :—

	June, 1935	June, 1936	May, 1937	June, 1937
	(£ million)			
Imports	57·8	67·6	83·1	88·1
British exports	32·9	32·1	42·7	44·4
Re-exports	5·2	5·0	7·4	7·1
Total exports	38·1	37·1	50·1	51·5
Import surplus	19·7	30·5	33·0	36·6

Comparing June, 1936 and 1937, raw material imports have risen by £8·1 millions and those of manufactured goods by £8·0 millions. British coal exports increased by £1·1 millions and those of British manufactured goods by £9·7 millions. The most noticeable increases were in exports of iron and steel, machinery and cotton yarns and manufactures.

The returns for the first six months of 1936 and 1937 are summarised below :—

Description	Jan.-June 1936	Jan.-June 1937	Increase (+) or Decrease (-)
	£ mn.	£ mn.	£ mn.
Total Imports	402·6	483·4	+80·8
Retained Imports	370·2	442·9	+72·7
Raw Material Imports	119·9	152·6	+32·7
Manufactured Goods Imports	100·9	128·9	+28·0
Total Exports, British Goods	207·9	251·2	+43·3
Coal Exports	13·6	16·6	+ 3·0
Iron and Steel Exports	17·1	23·2	+ 6·1
Cotton Exports	29·6	34·3	+ 4·7
British Manufactured Goods Exports	161·9	195·1	+33·1
Re-exports	32·4	40·5	+ 8·1
Total Exports	240·3	291·7	+51·4
Visible Trade Balance	-162·3	-191·7	-29·4

Both imports and exports show a considerable increase in value since last year, but part of this is due to the intervening rise in prices. The increase in exports of British manufactured goods is very general, with iron and steel, cotton goods, vehicles and machinery taking the lead. The adverse trade balance has increased by nearly £30 millions.

Commodity Prices.—Since the end of June, British wholesale prices have displayed a slightly firmer tendency, the net increase during July being 0·9 per cent. There were signs of weakness towards the end of July, cotton prices in particular falling on new estimates of larger crops, but otherwise markets have been steady, and it is clear that the reaction due to the gold scare is now at an end. American wholesale prices show little definite change, but if anything the trend was downwards during July. The new depreciation of the franc has been followed by an increase since June of between 7 and 8 per cent. in French wholesale prices. This advance is not nearly commensurate with the depreciation in the foreign exchange value of the franc, and so it may not yet be at an end.

In England, there was a rise of three points during June in the official cost-of-living index-number, from 52 to 55 per cent. above the datum level of July, 1914. This is the largest increase for any single month since last October, but it is partly seasonal in character. Still, the index has risen by nine points or 6·2 per cent. during the past year. The retail food price index rose during June by four points, from 36 to 40 per cent. above its pre-war level. This again was mainly a seasonal movement. This again is the largest increase for any single month since last October. The increase in retail food prices since a year ago is 8·5 per cent. Wholesale food prices rose during the year by 18·1 per cent.

Home Reports

The Industrial Situation

Trade continues to make progress. There has been no change in employment, the return for the number of insured persons in work on July 26th being 11,517,000, or the same as the month before, but the July return was to some extent affected by holidays. The *Economist's* index number of business activity for June was 114, or a new high record. The iron and steel and engineering industries are working at capacity, and the seasonal decline in coal production has been less marked than usual. The demand for new mercantile tonnage continues to expand; 1,200,000 tons gross were under construction at the end of June, this being the highest figure for seven years. Building remains active, in spite of a drop during the past year of 13 per cent. in the total of plans passed; but, as we said a month ago, this is ceasing to be a reliable guide. The consumption goods industries are to some extent under the influence of the holidays. Retail trade in June was 4.8 per cent. greater than in the previous year. Railway goods traffic returns and electric power consumption continue to run ahead of last year, while there is a fair demand for industrial chemicals. Wholesale prices have lately become firmer after their previous reaction. There is always a seasonal recession in certain industries during August, but everything points to a further revival in the autumn. At the same time, the cost of living is rising, and it is becoming necessary to envisage an upward trend of wages and other costs.

Overseas trade continues to expand. As in previous years, imports are running ahead of exports, but exports are now increasing as well. Part of the greater expansion in imports is due to active trade at home, reflected in heavier imports of raw materials and semi-manufactured goods. Another factor is the rise in world prices, which affects our imports of primary products more than our exports of finished goods. This is not entirely disadvantageous to us. For the moment it is increasing our adverse trade balance, but in the long run it is expanding the purchasing power of our overseas markets.

In fact, one of the most noticeable developments of recent months is the general recovery in world trade, in spite of high tariffs, exchange restrictions and other obstacles. Reports

are becoming more encouraging from almost every part of the world. Empire news is good and the fears of a setback in the United States are being falsified. The main uncertainty lies in France, which, by all accounts, has become a "high-cost" country. Even the recent depreciations of the franc have not offset the year's increases in internal prices and costs, which are not yet at an end, and these readjustments must reach completion before it is possible to take a view of the future of French trade. It is indeed fortunate for France that she is making these changes in her industrial conditions during a period of reviving world trade.

Agriculture

England and Wales.—According to an official report weather conditions were favourable for land work during June, and crops made good growth. Corn crops have made considerable progress. Early autumn sown wheat is healthy and vigorous, but later sowings and spring wheat are variable, especially on wet and heavy land. Despite recent improvement barley is still backward and yields are likely to be below average. Oats are in the same position. Beans are promising, and the yield should be average, and peas have also made good progress. Potatoes, though backward, look well, and where lifting has begun the yield is satisfactory. Root crops and hops are making good growth, though some of the hop vines in Kent have been attacked by aphids and downy mildew. The growth of hay has been good, but harvesting operations have been prolonged by the adverse weather. Grass has continued plentiful. Cattle and sheep have consequently done well, and milk yields have been well maintained.

Scotland.—Haymaking was interrupted to some extent by rain during the early part of July, but the crop has been secured in good order and generally is excellent. Growing grain is looking extremely well and growth has been very marked. Root crops have also benefited by the July rains. In the produce markets wheat and oats have been firmer with less offering. Barley is finished for the season. Larger supplies of potatoes have been coming in to meet a quieter trade. In the livestock markets there has been a brisk demand for all classes of fat cattle, and prices have shown a further increase. The good trade for sheep has been maintained.

Coal

Hull.—Owing to a seasonal lull in export demand, and an accumulation of stocks, the production quota was reduced from 85 per cent. in June to only 60 per cent. in July. Very little new business is developing. Rates for prompt shipment are easier, but forward contract business is still firmly quoted.

Newcastle-upon-Tyne.—Collieries, particularly in Durham, are well supplied with orders, despite the continued scarcity of tonnage. Prices are unchanged. There is a very steady demand for home consumption for Durham coking coal, and coke continues to be a very firm market.

Sheffield.—All grades of industrial fuels are in good demand. Conditions on the export market show a seasonal slackening. Demand for household fuels is slow.

Cardiff.—A steady tone is maintained, but the various classes of coal are more readily obtainable. New business is limited, both export and home trades showing only meagre interest. Prices for large, wrought and washed smalls are easier.

Newport.—There was a brisk demand for Monmouthshire coal during July. Forward sales are good, but the political and financial position in France will probably slow down shipments to that country for a time.

Swansea.—All large anthracites with the exception of very inferior qualities are in good demand. Sized anthracites are moving very satisfactorily, and supplies are more readily available. Peas are very firmly placed. Beans and grains are firm, and culm and duffs continue to attract buyers and command full quoted figures. Enquiry for steam coals is less active, but prices are maintained.

East of Scotland.—Screened coal remains difficult to obtain. Washed fuels continue to move off steadily, with the exception of trebles which are a little easier.

Glasgow.—The tone of the Scottish coal market remains strong. Business slowed down owing to holidays, but there has been no pressure of supplies on the market, with the possible exception of treble nuts and some secondary sorts. Collieries are mostly well placed with orders. Prices are likely to be fully maintained and may strengthen as the autumn

demand gets under way. Industrial buying remains on a large scale. Shipping business is also satisfactory, and during the week prior to the holidays shipments at a total of 305,000 tons were, with the exception of those for last October, the highest for two years.

Iron and Steel

Birmingham.—All sections are booked to capacity, but the scarcity of raw materials is hindering deliveries, and in some cases causing a dislocation of labour. Pig-iron and semis are in extremely short supply, and prices have reached such levels as to cause some nervousness. Continental deliveries are still very slow. The position, however, should be relieved by improved regulation of supplies.

Sheffield.—The scarcity of certain raw materials is causing inconvenience, but steel production continues to capacity. Large orders are on hand for heavy forgings, castings and hollow forged steel drums, ensuring prosperity for some considerable time ahead. Railway and shipbuilding demands are on a large scale, and stainless and acid-resisting steels continue to be manufactured in increasingly large quantities. The scrap position is slightly easier.

Tees-side.—Activity in all sections is fully maintained. Production continues to expand slowly, and during the past months three additional blast furnaces have been brought into commission, but the shortage of raw materials hampers any further extension of producing units. Extensive export enquiry for pig-iron is largely ignored because of overwhelming home requirements. Steel manufacturers are unable to cope with orders, and are appealing for the postponement of contracts which are not of particular urgency. Shipyards in the North East Coast area have more tonnage under construction than at any time since 1930.

Newport.—Arrivals of iron ore amounted to 15,000 tons in June, compared with 9,000 tons in May, and 600 tons a year ago. Imports of semi-products totalled 18,500 tons, compared with 11,000 tons in May and 27,000 tons a year ago. There were interesting arrivals of machinery from the United States and Germany, totalling 1,280 tons, for local works. Shipments of iron, steel and general cargo amounted

to 17,000 tons in June, against 14,000 tons in May, and 12,000 tons in June, 1936.

Swansea.—The tinplate market was fairly active during June, and some good business has been done in both export and home markets at firm prices. Makers are well booked with orders, and are as busy as the supply of steel will allow. Production during the month averaged 74·06 per cent. of capacity.

Glasgow.—Outputs remain high. New orders have slackened lately, probably owing to the holidays, but in view of the very large amount of work in hand there is unlikely to be any early slowing down of activity. The raw material position has improved, and is expected to ease further as a result of the tariff charges. The arrival of Continental semis has been helpful in various directions. Re-rollers are now working with less difficulty. The tube trade remains very busy. Owing to the large amount of work in tubes for the home market, export business has been rationed, but there are now prospects of an improvement. Pig-iron makers are active.

Engineering

Birmingham.—Conditions generally are very active. Both heavy and light sections of the electrical trades are extremely busy. The radio industry is brisk, and makers of aero and motor components are also well employed.

Bristol.—Employment remains good. In the aircraft section the demand for skilled workers continues, and firms are working at high pressure. There is also a shortage of skilled workers in certain sections of the building industry. Several large building contracts were completed during July.

Coventry.—Trade in all sections remains very good, and the heavy industries are working to capacity. Difficulties are being experienced, however, in the delivery of raw material. Demand for machine tools is ahead of supply, and employment is satisfactory.

Leeds.—The improvement in all sections is fully maintained.

Leicester.—Home trade is still very busy, but conditions are becoming very difficult. The scarcity of raw and semi-

finished materials is causing considerable disorganisation. Export trade is also greatly hampered by uncertain financial conditions.

Manchester.—Trade shows little change and orders continue steady. Export business is well maintained. Firm prices are being quoted by suppliers of steel for delivery before the end of December, but the position regarding iron castings is becoming increasingly difficult. Prices have recently risen sharply, and deliveries are getting very much worse.

Sheffield.—The general engineering trade continues well employed. The various branches of the tool trade continue to work to capacity, but still find themselves in arrears with deliveries. Home demand is much above average, and exports show a marked improvement as compared with a year ago.

Wolverhampton.—The shortage of steel supplies has caused considerable anxiety, and although the position is now somewhat easier it is by no means satisfactory. The building industry is also hampered by the inability to obtain firm quotations for materials, as some building owners are reluctant to accept a "rise and fall" clause in contracts. General activity, however, continues in spite of these obstacles. The electrical trades are fully employed, and the motor vehicle and allied trades are well placed with orders.

Glasgow.—All branches are fully maintaining their position. Structural engineers are particularly busy. There has been a lull in the flow of new shipbuilding orders, but the amount of work on hand is sufficient to ensure employment for some time ahead. Marine engineers are also actively employed.

Metal and Hardware Trades

Birmingham.—Prices in the tube trade are very firm, and manufacturers are working to capacity. The heavy demand is due in some measure to rearmament requirements, but the trade is producing largely for the normal consumption of the home market. Export business has so far been disappointing. Business in the cold rolled brass and copper sections is good, and active conditions continue in the hardware trades.

Sheffield.—The recent improvement in the cutlery and plate trades has made further headway. All sections have benefited. Demand is mainly for medium and better class goods. Home trade is brisk, and export trade, particularly to the Dominions and Denmark, has shown a marked improvement. Increases in the cost of raw materials, and increased labour costs have been responsible for an advance in cutlery prices.

Wolverhampton.—The hardware trades are brisk. Demand for hollow-ware shows a seasonal quietness.

Chemicals

The home chemical market showed little change during June. Industrial chemicals were in fair demand. Tartaric, citric and acetic acids were particularly active. Wood distillation products have been in moderate demand. Imports of chemical drugs, dyes and colours for the first six months of 1937 totalled £6,521,208, an increase of £496,694 over the same period of 1936. Exports at £12,586,595 showed an increase of £2,313,556 over a year ago.

Cotton

Liverpool.—Price fluctuations in the cotton market have not been great. Business on the "spot" market, which was poor earlier in the month, recovered slightly during the third week of July. Existing contracts are keeping the mills busy, but new orders are scarce. The trade in Egyptian and Indian cotton remains comparatively quiet, but Brazilian turnover has been good, mainly in São Paulo for forward delivery. In the "futures" market quotations for current positions are about 10 points down. The United States Government's acreage report for the 1937 season, issued on July 8th, returned 34,192,000 acres, an increase of 10½ per cent., which, on the basis of the previous record yield, envisages a crop of 15,000,000 bales of 500 lbs. gross. Weather conditions up to date have been ideal. The season's forwardings of American cotton to the mills of the world show an increase of 1,394,000 bales over the corresponding period of last season.

Manchester.—There is still no sign of any important buying in the yarn market. The total of export figures for June shows little change for the previous month, but the

Netherlands figure for June, 1937, shows a remarkable increase over the corresponding month of last year. The cloth market is affected by the holidays, but prices are well maintained, and the fall in cotton has had only a moderate effect on the price of cloth. Buyers are holding off and there is no big business about. Trade circles are wondering how long spinners and manufacturers can stand the lack of demand without some weakness in prices showing.

Wool

Bradford.—Business is now quiet in the top market, as users seem to be fully covered for some time. Wool prices, however, are well maintained, and spinners have done more business at increased prices.

Hawick.—The Border tweed trade continues fairly active, and prospects for next spring are considered good, more confirmations having come to hand than was the case a year ago. Hosiery factories are actively employed on orders for outer wear, mostly from America. Spinners are quite busy, notwithstanding the higher rates being asked for yarns. Dyers are only moderately well employed.

Other Textiles

Dundee.—Raw jute prices have increased, but there has been no sympathetic movement in the quotations for cloth and yarns. Business in all sections is quiet. The mills were closed during July for an extended holiday.

Dunfermline.—The holiday season has brought quieter conditions into the Fifeshire linen trade, but manufacturers are still quite busy and prices have not been affected. Rates for flax and tow are unchanged, but the trend is easier, as spinners are operating very sparingly.

Clothing, Leather and Boots

Bristol.—There was a slight increase in temporary unemployment in the clothing trade. The position generally, however, is better than a year ago. Trade in boots and shoes remains good.

Leeds.—The clothing trade is still very active, and manufacturers are now engaged on winter lines. The demand

for summer goods appears to be slackening, but this may be due to the early spring.

Leicester.—Home trade in boots and shoes is normal for the time of year, although slightly quieter than a month ago. The autumn season should witness a growing demand. Export trade has improved. In hosiery factories are producing to capacity, and the shortage of skilled female labour is adding to the difficulties of production. Conditions are very much better in the women's hose department, and trade is quite good in the children's outerwear section. Trade in underwear has improved.

Northampton.—Trade in boots and shoes seems to be slowing down, but seasonal orders in the sports and holiday classes have been more satisfactory. Demand from foreign buyers has been better. Prospects have improved in the leather and hides section, and prices continue firm.

Shipping

Bristol.—The upward trend in trade has continued. The net register tonnage of vessels entering the port in foreign and coastwise trades shows an improvement and there has been a corresponding advance in the quantity of imports. Stocks continue normal with the exception of those of grain, which are low.

Hull.—The main portion of coal business passing at present is on an f.o.b. basis. Tonnage is therefore in little demand. Rates for all directions are just steady, and tend to ease slightly.

Liverpool.—There is little expansion in the volume of business from the United Kingdom coal ports, and rates show no material change. The River Plate homewards keeps on a steady basis and orders quoting extend up to September at steadier values. North and South Pacific ports are featureless and West Indies sugar ports without quotable change, but from Gulf and Atlantic-America a latent interest in scrap tonnage has developed on a firmer basis. Easterns are steady and enquiries moderately active from India, whilst Australia reports business at 10s. over the schedule. The Black Sea is steady.

Newcastle-upon-Tyne.—Freights to the Mediterranean hold steady, but there is a definite easier tendency in the shorter trades, namely to the Baltic and near Continental ports.

Southampton.—Returns for the first six months of the year are given below and reveal large increases under all the principal headings :—

	Jan.-June 1936	Jan.-June 1937
Tons of Shipping (gross)—In ...	8,477,661	9,354,531
Tons of Cargo—In and out ...	522,674	579,853
No. of Passengers—In and out ...	187,458	237,667

A record was established for the quantity of inward gross shipping tonnage, and the comparable total for 1936 was exceeded by 10 per cent. There was also an increase of 25 per cent. in the number of passengers arriving and departing. Cargo tonnage showed an increase of 10 per cent., and a particularly satisfactory advance was noticeable during June, when the import and export traffics combined were 18,500 tons higher than in June, 1936.

Large supplies of South African citrus fruit are now reaching the Docks, and to cope with the traffic at the height of the season the Union-Castle Mail Steamship Co. find it necessary to employ specially-chartered vessels.

Cardiff.—The freight market is slightly easier owing to the lack of new business. Tonnage, however, is still none too plentiful.

Newport.—Freights have declined slightly as a result of a slackening of coal orders, but there is no sign of surplus tonnage and no immediate prospect of any marked setback. Harbour and Pilotage dues show considerable improvement.

Swansea.—Enquiry is much less active for all directions, and tonnage is offering more freely. Rates eased considerably in July, being practically 1s. down on the June levels for Coasting and Bay directions. The tone of the market is still easy.

East of Scotland.—Coal shipment has been quiet at the Forth Ports owing to the holidays. Leith dock trade in June compared fairly well on the whole with last year's figures, and there were appreciable increases in grain and wood imports. The freight market has been steady to firm.

Glasgow.—The freight market has remained firm on the whole. There has, however, been no special activity in any

direction. Rather more Baltic tonnage has been offering. The Mediterranean has been a little busier with firm rates quoted, and in both that route and the Bay there is still some scarcity of tonnage.

Foodstuffs

Liverpool, grain.—The "spot" market in wheat has remained very firm, although the actual demand has been poor. Millers in the United Kingdom and on the Continent maintain their hesitant attitude and shipments are restricted accordingly. The tone in the "futures" market continues good, and the season's previous highest level of 10s. per cental for current positions was reached on July 19th. In the United States the primary movement of winter wheat is proceeding satisfactorily, and subject to the spring wheat yield being conserved on the basis of the July estimates, the total crop should leave a margin of upwards of 150 million bushels after home demands have been met, but before providing for the reconstitution of reserves seriously depleted in the past few seasons. Drought conditions have prevailed in most parts of the Canadian prairies during the period under review, but in Manitoba and parts of Alberta good yields are expected provisionally. The unofficial estimates of crop condition for the Dominion as a whole at 52 per cent. indicates a considerably smaller yield than last season, and anxiety is being felt at the continued absence of rainfall. Elsewhere the position is again brighter. European weather conditions have improved and bigger crops are in prospect in the Danubian basin and Russia. Exports from the latter country are, however, problematical. Yellow La Plata maize has appreciated in value to 6s. 1d. per cental. The demand has not been on a broad scale, but the strength of wheat appears to have been a supporting influence. The July estimates indicate bigger crops than for the past three years.

Liverpool, provisions.—Continental bacon has been a good market and, with a scarcity of American hams, sectional values have been better. Lard remains quiet at unchanged prices, whilst in canned goods values have improved on consistent demand. There has been a fall in Continental supplies of butter, and the market tone is firm; cheese, however, tends towards lower prices.

Fishing

Brixham.—Landings of wet fish during June amounted to 3,870 cwts., valued at £5,438, compared with 3,343 cwts., valued at £4,855 in May. Demand is increasing with the influx of visitors, and prices are improving for prime fish. Other grades are easier.

Hull.—The embargo on White Sea and Bear Island fishing, which started on June 1st, has tended to reduce available supplies. In former years the embargo caused a considerable decrease in the amount of fish available, and a consequent sharp rise in prices, but this year prices have not increased proportionately, by reason of the greater catching power of the Hull fleet and the large number of boats at work. There is a market shortage of haddocks and flat fish at present.

Penzance.—Fishing during the past month has been confined mainly to the Cornish lines. Some excellent deep-sea catches have been landed, chiefly ray and skate, and prices, on the whole, have been very good. Rays have made up to £5 16s. per kit, and skate from £4 to £5 10s. per score. Boats have made from £175 per week down to £50. The mackerel season is over once more, and East Coast boats have returned to their home ports.

Scotland.—Landings in the Scottish herring fishing summer season up to July 17th totalled 294,123 crans, as against 343,174 crans the previous year, a decrease of 49,051 crans. At the principal ports on the Moray Firth results have been very partial and prices have ruled high. A feature of the season was the reappearance of dense shoals of herring on the Shetland fishing grounds. Landings at Lerwick on July 14th totalled 10,000 crans. The white line fishing round the Coast has been active, and supplies have in many cases been more than equal to the demand.

Other Industries

Paper-making and Printing.—Bristol reports that the position has been slightly improved by recent engagements of labour. The St. Anne's Board Mill Co. Ltd. are making further extensions, and the English Corrugating Paper Co. Ltd. have bought a site in St. Paul's for extension purposes.

Edinburgh reports easier conditions in the paper-making trade, due partly to holidays, but demand is fairly active, and mills have still a good many orders in hand. On the printing side the outlook continues satisfactory as regards both book and commercial work.

Timber.—Hull reports that prices remain steady at recent high levels, but demand is brisker. The shippers' firm attitude and the exceedingly high freights now ruling are assisting in keeping prices very firm. Cargoes are arriving in large numbers—mainly in very good condition, so that goods are all going direct into consumption, having in most cases been sold forward.

Newport reports that pitwood imports totalled 3,600 fathoms in June, compared with 4,000 fathoms in May, and 1,800 fathoms in June, 1936. Other timber imports consisted of 2,757 standards from Soviet Russia, as compared with 468 standards from Danzig in May, and nil a year ago.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Seasonal conditions are exceptionally promising in Western and South Australia, but Victoria, New South Wales, and South-East Queensland need early rains. Recent high levels in industry and trade have been maintained. The wool clip is estimated at 3,146,000 bales, about 2 per cent. more than the past season, and it is also estimated that the area of wheat sown is 11 per cent. more. A recent cable states that unemployment among trade unionists is now under 10 per cent. The Overseas trade balance for the twelve months to June 30th amounts to £35,000,000 sterling, compared with £22,500,000 sterling last year.

Canada

From the Imperial Bank of Canada

Business remains active, but the index of economic conditions has nevertheless declined since the beginning of the year, owing to the downward trend of the bond and stock markets. Car loadings of miscellaneous freight have risen by nearly 25 per cent., offsetting the lighter grain movements following the reduction of surplus holdings. The midsummer gain in industrial employment was unprecedented, the index having risen to 114·3, without taking into consideration the increase in population. Building permits are at their highest since 1931, iron and steel production has further improved, and automobile production is recovering from labour troubles. Exports of newsprint, meat, planks and boards, copper and nickel have increased. Construction has reached the highest point in six years. Disquieting elements have been the labour situation, although strikes are few as leaders are awaiting developments in the United States, and international problems, particularly as regards the price of gold. Drought in Western Canada suggests that the dry area may be extended this year. Money conditions are easy, and increasing public revenues are diverting attention from budget problems.

India

Bombay.—Cotton prices resisted the decline abroad in June. Subsequently they have weakened, and, in spite of

increased buying by Indian mills and Europe and for investment by local merchants, a nervous undertone developed late in July and further falls were expected. The monsoon has developed favourably and with the exception of parts of the Punjab and the Bombay Deccan, conditions are very good. The piece-goods market is slow, but an improvement is indicated, and the opening of the selling season should bring heavy purchases from up-country centres. There is a scarcity of British cloths. Japanese exports have lately declined, but no drastic price cuts are considered possible. The yarn market is unchanged, and any improvement depends on the steadying of cotton. Stocks of British yarns are falling owing to high replacement costs.

Calcutta.—Raw jute prices have advanced and buyers have held off. The baled jute market is also quiet. The final crop forecast is 2,747,600 acres, which is 2.6 per cent. less than last year and also below trade expectations. Hessians have improved. Both American and River Plate demand is shortly expected to recover. The shellac market now has a firm undertone. Arrivals of lac have fallen away, and sellers are awaiting buying from America and Russia. Tea offerings of good quality have totalled 33,900 packages for the three sales, but in spite of good demand prices have not changed. Quality will soon fall off. The hides market has improved with European and Madras interest, and better prices are being paid. The skins market has declined considerably, but although low prices have brought in some buyers, a strong demand is needed to prevent a further decline.

Rangoon.—The local rice markets have been steady under the combined influence of small European purchases, the firmness of paddy and of wheat, and the strong statistical position. Adverse factors are the poor Indian demand, and the improbability of heavy purchases from Europe. Far East ports are doing nothing. The European timber market has been dull and lifeless, and though prices in the Indian market are firm, there has been considerably less enquiry. Hardware is still affected by the almost complete absence of demand. The termination of the price combine for galvanised corrugated sheets has weakened quotations, but there is little business.

Irish Free State

Weather during the last three weeks of June was favourable for all farm operations, especially haymaking. Pastures, though affected by drought, are still carrying a fair covering of grass. Livestock are somewhat backward, but are improving. Reports indicate that this year's hay crop will be of good quality and above last year's yield. Wheat, oats, barley and sugar-beet are reported to be doing well, but all these crops, and also mangols and turnips, have suffered unusually from insect pests. Given favourable weather, they should nevertheless be up to average. The yield of potatoes, as estimated at present, is good. Cattle are in good health, and fairs have been well supplied. Demand was good but prices eased somewhat as the month advanced.

France

From Lloyds & National Provincial Foreign Bank Limited

The refusal of the Senate to invest M. Blum with the powers that were subsequently granted to his successor led to the resignation of the Popular Front Government just after it had completed twelve months in office. The first important step taken by the new Government, with M. Chautemps as its leader, was to abandon the Gold Standard. As a consequence the value of the franc dropped by approximately 15 per cent. This additional depreciation of the currency together with increased taxation must, it would appear, result in a further general rise in prices in the near future. The number of registered unemployed on July 10th was 316,482, compared with 425,111 at the same time last year. Railway receipts for the period January 1st to July 1st are given below. These show an increase of Frs.551 millions, or 11·94 per cent. compared with the same period in 1936.

	Receipts	Difference as compared with last year
	(Frs. thousands)	
Alsace and Lorraine	377,420	+ 71,623
Est	752,135	+ 92,874
Etat	810,422	+ 78,234
Nord	816,700	+ 105,090
Orléans and Midi	981,330	+ 45,407
P.L.M.	1,431,340	+ 157,950
Totals	<u>5,169,347</u>	<u>+ 551,178</u>

Business on the Stock Exchange has continued dull throughout the month under review. The recent devaluation of the currency was followed by a moderate but general rise in prices, which showed, however, no relation to the depreciation of the franc. Rentes, with the exception of the 1925 issue carrying an exchange guarantee, after rising to higher levels, dropped to prices only a few points in advance of those ruling a month ago. Internationals naturally reflected the devaluation of the currency by a proportionate rise in prices.

The adverse visible trade balance for the first six months of this year was Frs.9,247 millions, compared with Frs.4,744 millions last year. This increase is due largely to heavier imports of raw materials. The trade returns are summarised below :—

	First 6 months 1936	First 6 months 1937	Difference
	Frs. mill.	Frs. mill.	Frs. mill.
<i>Imports—</i>			
Foodstuffs	3,623	5,113	+ 1,490
Raw Materials	6,537	12,033	+ 5,496
Manufactured Articles ...	1,789	3,136	+ 1,347
Total	11,949	20,282	+ 8,333
<i>Exports—</i>			
Foodstuffs	1,087	1,565	+ 478
Raw Materials	2,035	3,891	+ 1,856
Manufactured Articles ...	4,083	5,579	+ 1,496
Total	7,205	11,035	+ 3,830

Le Havre.—The rise in coffee prices towards the end of June was attributable to the expectation, since fulfilled, of a further depreciation of the franc. After the reopening of the market, prices advanced by about 11 to 13 francs above the quotations of the day of closure. As from July 9th a further subsidy to colonial coffees was instituted in the shape of an increase in the minimum tariff of import duties on foreign growths, from Frs.536.30 to Frs.630 per 100 kilogrammes. This new tariff will not be applied to coffee shipped to France before July 9th and immediately cleared for consumption. As a result of the active demand from the Interior, which has been principally for other growths than Brazil and owing to the reduced arrivals from that country, stocks at Havre awaiting clearance have diminished from 1,020,000 to 929,000 bags.

Towards the end of June anticipations of the new fall in the franc caused great activity in the cotton "futures" market. The market was closed on June 29th, and reopened on July 7th with an advance over all months varying from 19 to 25 francs. Arrivals have been only for small quantities. Deliveries to the mills, which have continued steadily, have brought the stocks at Havre down from 198,000 to 163,000 bales.

Lille.—The cotton market is very dull. The mills are working at about normal, but the output is being restricted owing to the difficulty of fixing raw material prices. Weavers are also confining their activities to immediate needs only; here again, it is a question of prices. The flax market is dull and there are few or no buyers at the high prices demanded by the Russian monopoly. The mills are restricting their output and are just keeping themselves going on stocks bought at favourable prices last year.

Roubaix.—There has been no improvement in business during the past month. The recent abandonment of the gold standard and the further depreciation of the franc has upset the market. It will be some little time before matters are adjusted and a stable basis of values is attained. There is a considerable reluctance to pay the high prices demanded in all sections of the industry, but, on the other hand, there is not much pressure to sell. In the circumstances, there is little demand for tops. The combing section is working well below normal and there are no signs of an improvement. In spinning there are few firms working more than thirty-two hours a week and more often than not only twenty-four hours a week are being worked. The manufacturing section is depressed, but makers of low class goods are fairly well occupied. Unemployment shows a tendency to increase.

Belgium

From Lloyds' & National Provincial Foreign Bank Limited

Antwerp.—International conditions continue to dominate all markets. Prices of commodities and exchange rates have been very irregular, and little business is being done. The Stock Exchange is still hesitant and fluctuations have not varied much. The volume of traffic in the port of Antwerp

is being maintained. Industrial profits remain at a satisfactory level and employment figures are increasing slowly. The diamond industry continues to occupy an important number of workmen, but transactions are limited.

Brussels.—The general outlook for iron and steel remains very satisfactory, activity being slightly more pronounced than a month ago. The falling off of new business, which took place last month, coupled with increased production will, it is hoped, lead to a return to a more normal state of affairs and more regularity in deliveries as from the end of the month.

Great activity prevails in the coal trade. Domestic qualities and in particular anthracite, are in demand. Delays for delivery are numerous and these are likely to become worse owing to the approach of the holiday season. Exports to France remain satisfactory. The demand for industrial coal is as great as ever, with fears of more difficulties in obtaining supplies. Stocks continue to be regularly reduced, and at the end of June only amounted to 494,000 tons.

Germany

During June unemployment fell from 776,000 to 649,000 and short time has been diminished. Raw material difficulties are increasing, but the policy of economising supplies is proving effective. Among other measures, manufactured goods are being standardised so that less variety of stocks is required. To ease the situation, the Administration of National Economies can at any time modify the programme of industrial reorganisation and rearmament. The increase in the import surplus in June was due to heavier imports of foodstuffs. Food requirements will be diminished in the autumn by an amount according to the result of the harvest. Meanwhile, any strain upon the foreign trade balance can be relieved by cutting down industrial demands for imported raw materials.

Holland

The reaction in the international commodity and security markets has not affected the economic situation of the country. Industry is well supplied with orders, and the demand for

labour has further reduced the number of unemployed. This is shown in the following table :—

				Number of Registered Unemployed	
				1936	1937
January	...	...	...	471,348	459,183
February	...	...	...	476,726	451,823
March	...	...	...	450,372	430,029
April	...	...	...	419,066	384,600
May	...	...	...	392,946	359,726
June	...	...	...	378,864	310,996

There have been practically no labour disputes, although apart from small increases in certain industries, the general level of wages has remained unchanged. This is probably due to the fact that there is still an ample supply of labour in all branches.

The working-class cost of living index in June was 4.5 per cent. higher than in September last, the index for food alone having risen by 6.9 per cent. Prices of vegetables and meat are higher, and there is a shortage of the latter. Wholesale prices have recently tended to fall, the June figures in all groups showing a small decrease compared with May. They are still 21.9 per cent. higher than last September.

Foreign trade increased substantially in June, especially imports, owing to the Dutch industries' raw material requirements. The adverse trade balance for the first six months is Fl.214 millions, against Fl.148 millions last year. This is not unwelcome, as the authorities have still to buy dollars and gold to prevent an appreciation of the guilder.

The embargo on foreign loan issues has been relaxed somewhat, and a number of loans have been introduced to the market. New home issues display great activity, particularly conversion operations. The Stock Exchange has been quiet.

Norway

The trade returns for June, which show a seasonal decline, are summarised below :—

		June 1936	May 1937	June 1937	First six months 1936	First six months 1937
		(Kroner millions)				
Imports	...	74.9	121.1	104.8	430.2	650.2
Exports	...	47.5	61.9	58.9	311.6	382.3
Import Surplus		27.4	59.2	45.9	118.6	267.9

Returns for the first six months show an improvement of more than 50 per cent. in imports and 23 per cent. in exports, the import figures being the highest for twelve years. This increase is due mostly to import of ships, which are Kr.50 millions above last year. Imports of cereals have, since last year, doubled, and imports of raw materials and producers' goods are also higher.

The wholesale price index for July 15th has risen for the first time in three months by 3 points to 160 (1913=100). The cost of living index at June 15th was also 3 points higher at 166 (July 1914=100). Industrial production indices are set out below. (Last half of 1933=100).

		Home Industries		Export Industries		All Industries	
		April	May	April	May	April	May
1934	...	106	110	91	96	101	105
1935	...	113	113	101	109	109	111
1936	...	121	124	103	117	115	122
1937	...	135	139	111	121	127	132

The shipping returns show that the amount of idle tonnage is nominal. During the first five months of the year 35 vessels have been added to the merchant fleet, of which 11 were built in Norway. On July 1st last 59,000 tons were building in Norway, and 604,000 tons building or on order abroad.

Sweden

The markets for timber, pulp and paper have entered on the quiet summer season. Timber prices remain at the high level reached in March. There is no increase in the selling quota of the European Cartel, and shippers are therefore counting on firm prices for the rest of the year.

About 30,000 tons of chemical pulp have been sold in the last few weeks, and it is estimated that about 80 per cent. of the 1938 production has now been sold. Strong sulphate for delivery this year is as much as £3 and £4 a ton above prices for late 1938 delivery. Dry mechanical pulp has been dealt in, but there has been no business in wet pulp. Prices are still firm.

Paper prices are steady. Newsprint mills have sold about half their 1938 production. Kraft and sulphite paper catch prices are considerably above the minimum.

Iron ore and scrap prices are firm, while coke pig-iron has shown signs of weakness. Delivery of previous orders is very brisk, but new orders have fallen off somewhat of late. A new record of activity in the iron market, however, is expected in certain quarters.

Denmark

New trade agreements with Germany, Holland, Italy and Roumania have been concluded, all of which should assist Danish exports. After several months of depression the butter and egg markets have revived, and prices per 100 kilos have risen from Kr.199 and Kr.70 a month ago to Kr.215 and Kr.106 respectively. The freight index for June is returned at 194.1 against 186.4 in May and 120.6 a year ago (1931=100). The wholesale price index fell one point to 146 in June, which is 21 points above a year ago. The gap between the indices for imported and exported goods is still widening, the import index having risen 32 points in the year, against a fall in the export index of 2 points.

The unemployment percentage is higher in 1937 than in the two previous years. For the first half of 1937 the percentage was 23.2, compared with 21.4 in 1936 and 20.9 in 1935. This problem is becoming more and more urgent.

Haymaking has been very satisfactory, with a yield considerably above the average. The outlook for the grain crop is satisfactory.

The foreign exchange position has further improved. Foreign exchange assets now total Kr.10.6 millions against Kr.10.4 a month ago and liabilities have fallen from Kr.26.1 to Kr.20.3 millions, a net improvement of Kr.6.0 millions. The Stock Exchange has been in better mood, with shipping shares in good demand and gilt-edged bonds improving considerably.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

The money market remains extremely liquid. Government bonds have been very firm and first-class industrials have shown a rising tendency. The outstanding financial feature was the success of the new Government 150 million francs, 3½ per cent. 15-Year Loan. This loan was issued to

cover the conversion of two loans at 5 per cent. and 4 per cent., on which the Government had exercised its option of redemption before the final date. Requests from holders of 182 millions for conversion were made; these had to be scaled down, while applications for 533 millions of new money had all to be refused.

The foreign exchanges have remained fairly steady. There has been a slight move in favour of Sterling since the devaluation of the French franc, during the middle of July. The London rate has hardened to between Frs.21.65 and Frs.21.70. The Paris rate is now Swiss Frs.16.70 per French Frs.100. It is feared that this depreciation may have a harmful effect not only on the spending of French tourists in Switzerland, but also on Swiss exports to France. The monthly employment returns show a further reduction of 7,143 in unemployed and 24,000 more persons are now employed than was the case a year ago.

The Federal railways announce an increase in receipts of 5 million francs for the month of June, due in great part to increased goods traffic, and also to some 500,000 more passengers being carried. The first six months of this year, against 1936, show increased receipts of Frs.24,500,000.

Morocco

From the Bank of British West Africa Limited

Business conditions in the French Zone of Morocco were affected during the past month by the financial and political crises in France. Stocks of imported goods are not large, especially as regards cotton textiles, tea and hardware, and importers are waiting to see to what extent prices can be adjusted to meet the reduced exchange value of the franc. The new local legislation prohibiting increases in the prices of commodities does not make the position easier. Several of the French banks have suffered a strike of their employees.

As a sequel to the surrender of foreign capitulatory rights in Egypt it is understood that negotiations are now in progress between the French and British Governments with a view to ending the British capitulations in the French Zone of Morocco. British trade treaties with Morocco will not be affected by the surrender of British capitulatory rights.

The prices of wheat, barley and maize continue to be controlled and only certain qualities of soft wheat may be exported, under special licence. The export of Moroccan phosphates during the first six months of 1937 totalled 750,667 tons, as against 631,567 tons in the same period of 1936. The total of phosphates exported from Morocco, Algeria and Tunisia amounted to 2,020,742 tons for the first half of this year, as against 1,696,182 tons in the same period last year.

The United States

With the passing of a relief appropriation bill of \$1,500 millions, legislative interest is concentrated on the reform of the Supreme Court. There are as yet no signs of a seasonal recession in business, and the labour situation has improved considerably. The back-to-work movement is strong, and Government approval of the C.I.O. now seems less definite. The financial year ended on June 30th with a Federal deficit of \$2,707 millions. Expenditure was \$8,001 millions, and revenue \$5,294 millions. Gross Federal indebtedness now amounts to \$36,425 millions.

Easy money conditions promise to persist. Alterations in reserve requirements do not appear to have affected the member banks. Brokers' loans at the end of June were \$1,186 millions, or \$34 millions more than at the end of May. Liquidation on the Stock Exchange lowered the average price of all shares quoted from \$41.27 on June 1st to \$39.21 on July 1st.

The sugar market is overshadowed by uncertainty as to new legislation, but although business has been dull prices have risen somewhat. Crude rubber has held its price, in spite of the reluctance of factory buyers, pending the meeting of the Rubber Regulation Committee. Better labour conditions have restored a measure of confidence in the metal markets. Copper is firm on domestic and foreign demand, and "spot" tin has tightened with a decline in the visible supply. During June stocks of lead were reduced, and zinc supplies are also short.

Average daily production of pig-iron in June declined 9 per cent. below the May level owing to labour troubles, which have prevented the half-year's production of steel from exceeding the 1929 figure. At present business is declining,

but unfilled orders are large and the reduction of the British steel duties may have opened a new market.

Exports of raw cotton are still behind last season. Private reports state that the crop is above average and with favourable conditions a large harvest can be expected. Cotton textiles have improved and sales have been ahead of production. The Government reports the wheat crop at 663 million bushels winter wheat and 218 million bushels spring wheat, or 40 per cent. more than last year's harvest. Maize is expected to yield 2,571 million bushels, compared with last year's 1,529 millions, when drought conditions prevailed.

South America

From the Bank of London & South America Limited.

Argentina.—Slight rains fell in several areas towards the end of July, but these were insufficient to affect ploughing for wheat, linseed or oats. There is likely to be a considerable decrease in the area ploughed, compared with last year. Foreign demand for maize has improved, mainly because of important German purchases. The cattle market was firm during July.

Brazil.—Demand for coffee has fallen away, and July exports promise to be the smallest for that month for many years. Hopes have been aroused by the success of the Brazilian Financial Mission to the United States in obtaining gold credits up to U.S. \$60,000,000. These, it is thought, will enable the Brazilian Government to extend greater credit facilities to the coffee industry. Cotton exports are growing, but classification of the 1937 crop reveals a large percentage of low-grade cotton. Heavy rains have recently fallen, but owing to the lateness of the crop they were on the whole beneficial.

Japan

A cabled report states that the stock markets soon recovered from the initial shock of the North China crisis, but several of the produce markets remain subdued. The general trend of business, however, remains undisturbed, with production, railway traffic and exports still rising. Imports remain high and the growing import surplus is causing considerable anxiety. The Exchange Control has been further tightened, and the Bank of Japan's gold reserves have now been revalued.

Statistics

BANK OF ENGLAND

Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
" " 1932	360·5	11·0	240·9	19·3	3·8	275·0	120·8
" " 1934	378·8	11·0	245·4	0·1	3·5	260·0	191·1
" " 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
" " 1936	406·5	11·0	246·5	1·5	1·0	260·0	200·6
" " 1937	473·8	11·0	187·0	2·0	—	200·0	313·7
July 21, 1937	493·1	11·0	184·0	4·9	—	200·0	326·4
July 28, 1937	498·3	11·0	185·1	3·8	—	200·0	326·4

Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Secur- ities.	Discounts and Advances.	Other Secur- ities.	Reserve.	Propor- tion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
" " 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
" " 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
" " 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
" " 1936	18·0	83·6	37·0	80·3	5·0	16·7	54·9	39·6
" " 1937	52·2	62·3	38·5	100·5	7·1	22·9	40·8	27·7
July 21, 1937	17·5	97·2	38·1	107·4	5·8	23·4	34·2	22·4
July 28, 1937	10·5	104·3	37·3	114·4	5·8	20·8	29·2	19·1

LONDON CLEARING BANKS (monthly averages)

	Deposits.	Accept- ances, Guaran- tees, etc.	Cash.	Balances and Cheques.	Call and Short Money.	Bills.	Invest- ments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
" 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
" 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
" 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
" 1936*	2,108·3	105·2	216·7	53·8	162·4	252·0	635·1	849·2
" 1937*	2,244·2	122·5	225·8	62·7	169·8	247·8	667·4	934·4
May, 1937*	2,255·1	125·8	232·8	64·3	168·2	244·4	656·8	952·4
June, 1937*	2,293·3	124·4	241·3	67·8	170·9	259·0	653·7	963·4

* Includes the District Bank.

LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing	Metropolitan Clearing	Country Clearing	Total
	£ mn.	£ mn.	£ mn.	£ mn.
1930	38,782	1,812	2,964	43,558
1931	31,816	1,668	2,752	36,236
1932	27,834	1,610	2,668	32,112
1933	27,715	1,657	2,766	32,138
1934	30,740	1,760	2,984	35,484
1935	32,444	1,887	3,229	37,560
1936	35,039	2,040	3,538	40,617
1936 to July 29	19,036	1,166	1,999	22,201
1937 to July 28	22,029	1,279	2,208	25,516
1936, July (4 weeks) ...	2,740	174	290	3,204
1937, July (4 weeks) ...	2,987	184	309	3,480

BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1929	Mar., 1932	Mar., 1933	Mar., 1934	Mar., 1935	Mar., 1936	Mar., 1937	May, 1937	June, 1937
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham...	11.9	9.0	9.7	11.3	9.6	10.7	11.3	10.3	10.8
Bradford ...	5.9	3.4	3.3	4.2	3.8	4.7	4.6	4.4	4.3
Bristol ...	5.3	4.9	5.0	5.4	4.9	5.5	5.5	5.0	5.9
Hull ...	4.0	3.0	3.2	3.2	3.2	3.4	4.0	3.8	3.8
Leeds... ..	4.4	3.8	3.8	4.4	4.3	3.9	4.8	4.0	4.2
Leicester ...	3.6	3.1	3.1	3.3	2.8	3.1	3.3	3.0	3.3
Liverpool ...	34.2	25.6	25.6	26.8	25.8	27.5	35.8	27.8	27.7
Manchester...	58.0	42.5	42.1	46.1	42.8	44.9	50.7	45.9	48.3
Newcastle-on- Tyne ...	6.5	5.7	6.5	6.9	5.5	5.7	6.3	6.5	6.2
Nottingham...	2.8	1.9	1.9	2.0	2.0	2.1	2.3	2.2	2.2
Sheffield ...	4.6	3.3	3.5	3.6	3.4	4.3	6.0	4.2	4.6
	141.2	106.2	107.7	117.2	108.1	115.8	134.6	117.1	121.3

LONDON AND NEW YORK MONEY RATES

	LONDON.					New York.		
	Bank Rate.	Treasury Bills.		3 Months' Bank Bills.	Short Loans.	F.R.B. Re-discount Rate.	Call. Money.	Acceptances.
		Tender Rate.	Market Rate.					
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1931	3	2½	2½	2½-2½	2-2½	2	1½	1½
" " 1932	3½	2½	1½	2½-2½	2-3	3	2½	2½
" " 1934	2	2½	1½	1½	1-1	1½	1	1½
" " 1935	2	1½	1½	1½	1-1	1½	1	1½
" " 1936	2	1½	1½	1½-1½	1-1	1½	1	1½
" " 1937	2	1½	1½	1½	1-1	1½	1	1½
June 30th, 1937	2	1½	1½	1½	1-2½	1½	1	1½
July 28th, 1937	2	1½	1½	1½-1½	1-1	1½	1	1½

FOREIGN EXCHANGES

London on	1935	1936	1937				
	July 31	July 29	June 30	July 7	July 14	July 21	July 28
New York—							
(a) Spot ...	4.95½	5.01½	4.93½	4.95½	4.96½	4.98½	4.97½
(b) 3 months	1½ c. pm.	1½ c. pm.	1½ c. pm.	1½ c. pm.	1½ c. pm.	1½ c. pm.	1½ c. pm.
Montreal ...	4.96½	5.01½	4.94½	4.96½	4.97½	4.99½	4.97½
Paris—							
(a) Spot ...	74½	75½	n.q.	128½	127½	133½	132½
(b) 3 months	Fr. 1½ dis.	Fr. 5½ dis.	n.q.	Fr. 2½ dis.	Fr. 3½ dis.	Fr. 5½ dis.	Fr. 4½ dis.
Berlin—							
(a) Official ...	12.28	12.46½	12.30½	12.34½	12.34½	12.37	12.36½
(b) Registered Marks	42½% dis.	43½% dis.	47½% dis.	41% dis.	44½% dis.	43½% dis.	44% dis.
Amsterdam ...	7.29	7.38½	8.98½	9.01½	9.02	9.02	9.03½
Brussels ...	29.32	29.74	29.32½	29.43½	29.50	29.61½	29.54½
Milan ...	60½	63½	93½	94½	94½	94½	94½
Zurich ...	15.13½	15.35½	21.58½	21.65½	21.66½	21.71½	21.68
Stockholm ...	19.39½	19.39½	19.39½	19.39½	19.39½	19.39½	19.39½
Madrid ...	36½	36½	85*	85*	85*	85*	85*
Vienna ...	26½	26½	26½	26½	26½	26½	26½
Prague ...	119½	121½	141½	142½	142½	142½	142½
Buenos Aires—							
(a) Export ...	15	15	15	15	15	15	15
(b) Import ...	17.02	17.08	16.00	16.00	16.00	16.00	16.00
(c) Free ...	18.48	18.20	16.30	16.41	16.48	16.50	16.46
Rio de Janeiro—							
(a) Official ...	578600	578540	558600	558600	558600	568400	568400
(b) Free ...	938500	858600	758000	748600	758300	758000	748600
Valparaiso ...	119*	130*	131½*	131½*	131½*	131½*	131½*
Bombay ...	18½d.	18½d.	18½d.	18½d.	18½d.	18½d.	18½d.
Hong Kong ...	25½d.	15½d.	14½d.	14½d.	14½d.	14½d.	14½d.
Kobe ...	1/2½	1/2	1/1½	1/1½	1/1½	1/1½	1/1½
Shanghai ...	18½d.	14½d.	14½d.	14½d.	14½d.	14½d.	14½d.
Gold price ...	140s. 8d.	138s. 10d.	140s. 9d.	140s. 1½d.	140s. 1d.	139s. 8d.	139s. 9d.
Silver price ...	30½d.	19½d.	20½d.	19½d.	20d.	19½d.	20d.

* Nominal. n.q. = No quotation.

PUBLIC REVENUE AND EXPENDITURE

	1933-4	1934-5	1935-6	1936-7	1936-7 to July 25	1937-8 to July 24
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
REVENUE—						
Income Tax	228.9	228.9	238.1	257.2	23.3	26.4
Sur-Tax	52.6	51.2	51.0	53.6	4.9	5.6
Estate Duties... ..	85.3	81.3	87.9	88.0	27.4	29.2
Stamps	22.7	24.1	25.8	29.1	5.3	5.5
Customs	179.2	185.1	196.6	211.3	65.9	70.4
Excise	107.0	104.6	106.7	109.5	33.1	35.2
Motor Vehicles Duties (Exchequer Share)	5.2	5.1	5.0	5.3	5.7*	5.9
Other Tax Revenue	2.6	3.1	2.1	1.7	0.1	0.1
Total Tax Revenue ...	683.5	683.4	713.2	755.7	165.7	178.3
Post Office (Net Receipt) ...	13.1	12.2	11.7	11.0	6.4	6.0
Post Office Fund	—	—	—	0.1	—	—
Crown Lands... ..	1.2	1.3	1.4	1.4	0.5	0.5
Receipts from Sundry Loans	4.7	4.4	4.9	4.5	2.0	1.8
Miscellaneous Receipts ...	22.1	15.1	21.7	24.6	1.9	2.0
Total Non-Tax Revenue ...	41.1	33.0	39.7	41.6	10.8	10.3
Total Ordinary Revenue ...	724.6	716.4	752.9	797.3	176.5	188.6
Post Office	59.3	61.8	66.1	71.9	—	—
Road Fund	25.5	26.4	25.8	27.4	—	—
Total Self-balancing Revenue ...	84.8	88.2	91.9	99.3	18.3	19.8
EXPENDITURE—						
National Debt Interest ...	212.9	211.6	211.5	210.9	84.8	87.2
Payments to N. Ireland ...	6.6	6.8	7.2	8.0	1.7	2.1
Other Cons. Fund Services ...	4.1	3.6	5.7	3.2	0.9	1.4
Post Office Fund	—	2.3	1.1	0.4	—	—
Supply Services	458.8	472.2	512.0	567.2	165.3	171.8
Total Ordinary Expenditure ...	682.4	696.5	737.5	789.7	252.7	262.4
Sinking Fund	7.7	12.3	12.5	13.1	—	—
Payments to U.S. Govt. ...	3.3	—	—	—	—	—
Self-balancing Expenditure (as per contra)	84.8	88.2	91.9	99.3	18.3	19.8

* Motor Vehicle Duties apportioned to Road Fund, treated as self-balancing in 1936-37, now added to Revenue and Expenditure figures for purposes of comparison.

PRODUCTION

	Coal	Pig-Iron	Steel
	Tons mill.	Tons thous.	Tons thous.
Total 1913	287·4	10,260	7,664
" 1925	243·2	6,262	7,385
" 1929	257·9	7,589	9,636
" 1930	243·9	6,192	7,326
" 1931	219·5	3,773	5,203
" 1932	208·7	3,574	5,261
" 1933	207·1	4,136	7,024
" 1934	221·0	5,969	8,850
" 1935	222·9	6,426	9,842
" 1936	228·5	7,686	11,705
Total to June, 1936	114·6	3,749	5,751
Total to June, 1937	120·9	4,011	6,338

BOARD OF TRADE PRODUCTION INDEX NUMBER
(1930 = 100)

	Complete Year		1936				1937
	1935.	1936.	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr.
Mines and Quarries	91·7	94·4	100·6	88·4	89·7	99·1	99·5
Iron and Steel... ..	125·6	150·1	146·2	149·5	149·1	155·6	158·0
Non-Ferrous Metals	137·3	143·8	134·8	140·9	145·3	154·0	154·2
Engineering and Shipbuilding	104·8	123·1	116·3	122·4	121·6	132·3	136·1
Building Materials and Building	147·0	157·1	148·8	157·8	164·7	157·3	147·7
Textiles	119·1	126·4	127·3	124·9	123·3	130·3	130·5
Chemicals, Oils, etc.	110·6	114·0	115·1	111·7	110·2	119·1	120·5
Leather and Boots and Shoes	116·0	120·7	126·1	121·0	116·4	119·6	120·6
Food, Drink and Tobacco ...	107·6	114·5	106·9	114·5	115·2	121·2	113·3
Total*	113·5	124·6	123·2	123·4	122·4	132·1	131·9

* Includes paper and printing, gas and electricity, rubber, cement and tiles.

UNEMPLOYMENT

(a) Percentage of Insured Workers

Date	1929	1930	1931	1932	1934	1935	1936	1937
End of—								
January	12.3	12.4	21.5	22.4	18.6	17.6	16.2	12.6
February	12.1	12.9	21.7	22.0	18.1	17.5	15.3	12.2
March	10.0	13.7	21.5	20.8	17.2	16.4	14.2	11.8
April	9.8	14.2	20.9	21.4	16.6	15.6	13.6	10.8
May	9.7	15.0	20.8	22.1	16.2	15.5	12.8	10.9
June	9.6	15.4	21.2	22.2	16.4	15.4	12.8	10.3
July	9.7	16.7	22.0	22.8	16.7	15.3	12.4	
August	9.9	17.1	22.0	23.0	16.5	14.9	12.1	
September	10.0	17.6	22.6	22.8	16.1	15.0	12.1	
October	10.3	18.7	21.9	21.9	16.3	14.5	12.1	
November	10.9	19.1	21.4	22.2	16.3	14.5	12.2	
December	11.0	20.2	20.9	21.7	16.0	14.1	12.2	

(b) Actual Numbers Employed and Unemployed (in thousands)

	Mar., 1932	Mar., 1934	Mar., 1935	Mar., 1936	June, 1936	Mar., 1937	April, 1937	May, 1937	June, 1937
Number employed ...	9,549	10,058	10,200	10,630	10,832	11,242	11,394	11,387	11,517
Wholly unemployed...	2,129	1,814	1,727	1,551	1,325	1,330	1,232	1,173	1,096
Temporarily stopped	427	317	324	240	306	170	131	210	203
Normally in casual employment ...	104	94	92	88	77	76	73	73	71
Total unemployed ...	2,660	2,225	2,143	1,879	1,708	1,576	1,436	1,456	1,370

RAILWAY TRAFFIC RECEIPTS

	Four weeks ended.				Aggregate for 29 weeks.			
	July 26, 1936.		July 25, 1937.		1936.		1937.	
	Pas- sengers.	Goods.	Pas- sengers.	Goods.	Pas- sengers.	Goods.	Pas- sengers.	Goods.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	1.1	1.2	1.1	1.2	5.7	8.4	5.9	9.0
London & North Eastern* ...	1.7	2.1	1.8	2.2	8.9	16.1	9.3	17.0
London Midland & Scottish ...	2.7	2.7	2.8	2.8	13.7	20.8	14.2	21.7
Southern ...	1.5	0.4	1.6	0.4	8.5	2.7	9.0	2.6
Total ...	7.0	6.4	7.3	6.6	36.8	48.0	38.4	50.3

* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	June, 1934	June, 1935	June, 1936	Mar., 1937	June, 1937
By CATEGORIES: Great Britain	%	%	%	%	%
Total	+ 2.0	+ 5.8	+ 4.7	+13.2	+ 4.8
Food and Perishables	+ 1.2	+ 7.1	+ 8.5	+20.0	+ 4.5
Other Merchandise of which					
Piece-goods*	- 4.1	-12.5	+ 5.0	- 4.0	+ 2.6
(i) Household Goods	- 2.7	- 4.6	+ 9.9	+ 1.8	+ 2.0
(ii) Dress Materials	- 5.4	-16.0	+ 3.1	- 6.2	+ 2.3
Women's Wear*... ..	+ 2.1	- 0.9	+ 1.3	+ 7.7	+ 5.9
(i) Fashion Departments	+ 4.9	- 5.4	+ 3.8	+ 7.2	+10.9
(ii) Girls' and Children's Wear	+ 0.8	- 5.3	- 6.5	+ 9.3	+ 8.6
(iii) Fancy Drapery	+ 0.9	+ 5.4	- 0.1	+10.0	- 0.5
Men's and Boys' Wear	+ 4.5	+ 8.2	- 2.1	Nil.	+ 9.5
Boots and Shoes... ..	+ 1.9	+ 9.5	- 4.1	+15.5	+ 8.2
Furnishing Departments	+ 9.3	+ 9.9	+ 2.4	+ 1.2	+ 3.4
Hardware	+ 1.5	+ 0.4	+ 4.1	- 2.0	+ 5.9
Fancy Goods	+ 2.3	+ 5.9	- 0.5	+ 9.5	+ 6.0
Sports and Travel	- 1.9	+ 5.2	- 2.0	+ 0.4	- 0.6
Miscellaneous and Unallocated	+ 4.8	+12.7	+ 5.9	+28.6	- 5.7
By AREAS—					
All Categories—					
Scotland	+ 1.8	+ 5.7	+ 6.1	+14.4	+ 2.6
North-East	—	—	—	+17.2	+ 2.9
North-West	—	—	—	+12.5	+ 2.8
Midlands & South Wales	—	—	—	+16.6	+ 6.8
South of England	+ 1.7	+ 7.9	+ 5.9	+12.8	+ 6.0
London, Central & West End	+ 1.0	+ 0.9	+ 4.1	+ 3.3	+ 7.9
London, Suburban	+ 3.8	+ 2.7	+ 5.2	+16.4	+ 3.6

* Including some goods which cannot be allocated to sub-headings.

OVERSEAS TRADE

Date.	IMPORTS.				EXPORTS.			
	Food.	Raw Materials.	Manu- factured Goods.	Total.	Food.	Raw Materials.	Manu- factured Goods.	Total.
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1929	44.6	28.3	27.9	101.7	4.6	6.6	47.8	60.8
1930	39.6	20.9	25.6	87.0	5.3	5.3	36.7	47.6
1931	34.7	14.4	21.8	71.8	3.0	3.9	24.3	32.6
1932	31.1	13.7	13.1	58.5	2.7	3.6	23.0	30.4
1933	28.3	15.0	12.6	56.3	2.4	3.8	23.4	30.6
1934	28.9	17.5	14.3	61.0	2.5	4.0	25.4	33.0
1935	29.6	17.7	15.4	63.0	2.6	4.4	27.4	35.5
1936	31.9	20.7	17.7	70.7	3.0	4.3	28.4	36.7
June, 1936	31.5	19.3	16.4	67.6	2.6	3.5	24.9	32.1
June, 1937	35.7	27.4	24.4	88.1	3.0	5.7	34.7	44.4

SOME LEADING IMPORTS

Date.	Wheat.	Iron Ore and Scrap.	Raw Cotton.	Raw Wool.	Hides, Wet and Dry.	Wood Pulp.	Rubber.	Iron and Steel Manu- factures.
Monthly Average—	(thous. cwt.s.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwt.s.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1929	9,314	480	1,283	678	98	137	330	235
1930	8,731	363	1,011	652	108	128	326	243
1931	9,952	185	989	707	106	122	237	237
1932	8,803	159	1,048	765	105	153	176	133
1933	9,366	234	1,169	793	120	162	189	81
1934	8,552	392	1,052	657	116	187	395	114
1935	8,435	415	1,060	720	141	185	325	96
1936	8,401	587	1,289	762	157	307	116	124
June, 1936	10,332	581	1,326	680	166	240	80	111
June, 1937	8,093	734	1,120	817	152	155	234	175

SOME LEADING EXPORTS

Date.	Coal.	Iron and Steel.	Machin- ery.	Cotton Yarns.	Cotton Piece- Goods.	Woollen Tissues.	Worsted Tissues.	Motor Cars.
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1929	5,022	365	47	11.8	306	9,016	3,490	1,991
1930	4,573	263	40	11.1	201	6,587	2,893	1,602
1931	3,563	165	27	11.4	143	4,694	2,479	1,429
1932	3,242	157	25	13.9	183	4,461	2,358	2,246
1933	3,256	160	23	15.8	169	5,110	2,741	2,821
1934	3,305	188	28	10.9	166	5,745	2,772	2,904
1935	3,226	193	32	11.8	162	5,934	3,205	3,659
1936	2,878	184	32	12.6	160	6,523	3,304	4,268
June, 1936	2,574	174	28	12.3	130	5,383	3,006	4,037
June, 1937	3,482	235	38	14.3	155	6,302	3,942	4,119

PRICES

1. WHOLESALE PRICES

Date	Index Number (Sept. 16th, 1931 = 100)				
	U.K.	U.S.A.	France	Italy	Germany
Average 1929 ...	150.9	139.4	141.3	146.0	126.1
1931 ...	107.7	103.5	105.5	103.5	101.9
1932 ...	103.5	89.3	92.0	93.1	88.7
1933 ...	103.5	93.7	87.7	86.6	85.7
1934 ...	106.4	111.1	83.1	84.2	90.4
1935 ...	108.1	120.3	78.4	97.2	93.5
1936 ...	116.2	121.4	90.6	112.5	95.6
End June, 1936 ...	113.1	119.8	84.1	—	95.5
" July, 1936 ...	115.5	121.4	87.9	—	96.0
" June, 1937 ...	136.6	134.6	121.4	134.1	97.4
" July, 1937 ...	138.0	133.8	—	—	97.9

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (cost of living)

Date	Food	Rent (including Rates)	Clothing	Fuel and Light	Other Items included	All Items included
End of 1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70-75	70-75	42
1933 ...	24	56	85	70-75	70-75	42
1934 ...	25	56	85-90	70-75	70-75	44
1935 ...	31	58	85	75	70	47
1936 ...	36	59	90-95	75-80	70	51
End June, 1936 ...	29	59	90	70-75	70	46
" May, 1937 ...	36	59	100-105	75	75	52
" June, 1937 ...	40	59	105	75	75	55

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba.	Sugar Centrifugals U.K.	Cotton American Middling.	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber Plantation Sheet.
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton s. d.	per lb. d.
Average 1929 ...	54 0½	9 0½	10.29	38½	70 4½	203½	10½
1931 ...	28 2½	6 4½	5.08	23½	58 7	118½	3½
1932 ...	30 6½	5 9½	5.29	22½	58 6	136½	2½
1933 ...	28 2	5 4	5.53	28½	62 3	194½	3½
1934 ...	30 11	4 8½	5.66	30½	66 10½	230	6½
1935 ...	34 3½	4 8	6.69	28	67 10	225½	5½
1936 ...	38 0	4 8½	6.67	32½	73 0	204½	7½
July, 1936 ...	35 11½	4 5½	7.39	31½	75 0	186½	7½
June, 1937 ...	48 0	6 7½	7.03	37½	81 0	249½	9½
July, 1937 ...	55 7½	6 8	6.71	37½	101 0	263½	9½